

SENATE

THURSDAY, AUGUST 5, 1948

Rev. Bernard Braskamp, D. D., pastor of the Gunton-Temple Memorial Presbyterian Church, Washington, D. C., offered the following prayer:

O Thou God of all goodness, we are again coming unto Thee in prayer, encouraged by every gracious invitation in Thy holy word and compelled by many needs which Thou alone canst supply.

Wilt Thou bless in some special way the chosen representatives of our Republic who have been entrusted with the affairs of Government. May they daily come to the sacrament of public service richly endowed with clear judgment and wise decision.

Help us to believe that it is our high calling as a nation to bring the blessings of democracy and freedom to all mankind. Hasten the day when the chasms which divide the numbers of the human family shall be bridged by friendship and good will.

Hear us in the name of the Prince of Peace. Amen.

THE JOURNAL

On request of Mr. WHERRY, and by unanimous consent, the reading of the Journal of the proceedings of Wednesday, August 4, 1948, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Nash, one of his secretaries.

ORDER OF BUSINESS

Mr. RUSSELL. Mr. President, I wonder if the distinguished majority leader will be kind enough to give the Senate some idea of what is contemplated in the way of business today.

Mr. WHERRY. Inasmuch as the Senate adjourned last night, we are proceeding in the morning hour. There will not, of course, be a call of the calendar. There are several matters which I think should be taken up. I have been informed almost hourly that there would be ready a bill from the Banking and Currency Committee, and I had hoped it would be here by this time and that it could come up immediately for consideration and discussion. I think that will happen before long. So it was my idea that the Senate should proceed with the business of the morning hour, such as the introduction of bills, insertions in the RECORD, and short statements which Senators might like to make. There are one or two Senators who would like to make speeches, but I hope that we may be shortly able to take up the bill, which I am satisfied will be reported, provided unanimous consent can be obtained for its consideration.

Mr. RUSSELL. Mr. President, I should like to have the acting majority leader, if he will, enter into a unanimous-consent agreement as to the order of business at the conclusion of the morning hour. I have no desire whatever to de-

lay the business of the Senate; indeed, I am anxious in every way to expedite it, and I think we could expedite it greatly if there were a unanimous-consent agreement as to the status of business under the application of the Senate rules upon the conclusion of the morning hour.

Mr. WHERRY. Mr. President, I have no objection to proposing a unanimous-consent agreement if it will expedite the business of the Senate. I therefore ask unanimous consent that upon the conclusion of the morning business, or at not later than the hour of 1 o'clock, the morning hour be deemed to have expired, and that the Presiding Officer thereupon lay before the Senate the unfinished business; namely, Senate bill 2644, the civil transport aircraft bill.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Nebraska?

Mr. PEPPER. Mr. President, I inquire, What is the effect of the unanimous-consent agreement? Does the bill referred to become the pending business?

Mr. WHERRY. Yes; at the conclusion of the morning business, or not later than 1 o'clock.

Mr. PEPPER. Mr. President, I should like to make a further inquiry, if the Senator will permit me. Then that bill will have the status of any other bill that comes before the Senate as the unfinished business.

Mr. WHERRY. Yes; it will be the pending business.

Mr. BARKLEY. Mr. President, I am not going to object to the request, but I should like to make a parliamentary inquiry. At the conclusion of the morning business, would not the unfinished business be automatically laid before the Senate?

Mr. WHERRY. Ordinarily it would at 2 o'clock; but if the agreement is entered into, then it would come before the Senate at not later than 1 o'clock.

The PRESIDENT pro tempore. The Senator from Nebraska is correct.

Is there objection to the unanimous-consent agreement proposed by the Senator from Nebraska? The Chair hears none, and the order is made.

REPORT ON LABOR DISPUTE IN BITUMINOUS COAL INDUSTRY—MESSAGE FROM THE PRESIDENT (H. DOC. NO. 738)

The PRESIDENT pro tempore laid before the Senate a message from the President of the United States, which was read and, with the accompanying papers, referred to the Committee on Labor and Public Welfare.

(For President's message, see today's proceedings of the House of Representatives.)

PETITIONS

Petitions, etc., were laid before the Senate and referred as indicated:

By the PRESIDENT pro tempore:

A letter in the nature of a petition from Lester Giffen, of Wendover, Utah, praying for the enactment of legislation to provide price controls; to the Committee on Banking and Currency.

A resolution adopted by AMVET Post No. 14 of World War II, of Macon, Ga., favoring the enactment of legislation providing ade-

quate housing for veterans; to the Committee on Banking and Currency.

A letter in the nature of a petition from Mrs. Serena Flavin, of Glen Carbon, Ill., praying for the enactment of legislation providing relief for the teachers and the Glen Carbon Public School, Illinois; to the Committee on Labor and Public Welfare.

A cablegram in the nature of a petition from the Council of Voluntary Agencies, United States Zone, APO 407, urging immediate action to implement the Displaced Persons Act of 1948; to the Committee on the Judiciary.

CONTROL OF PRICES, ETC.—PETITIONS

Mr. MYERS. Mr. President, I ask unanimous consent to present for appropriate reference numerous petitions signed by sundry citizens of the State of Pennsylvania, praying for the enactment of legislation relating to rising prices, rent control, housing, minimum wage, social security, and labor, and I request that one of the petitions be printed in the RECORD without the signatures attached.

The PRESIDENT pro tempore. Without objection, the petitions will be received and referred to the Committee on Banking and Currency, and one of the petitions will be printed in the RECORD without the signatures attached.

The petition is as follows:

We, the undersigned, members of local 181, Textile Workers Union of America, CIO, Hazleton, Pa., urge that the special session of Congress take action on the following important issues:

1. Cost of living: Measures should be adopted to control rising prices, which have increased 30 percent since the end of OPA in June 1946.

2. Rent control: The present rent-control law should be strengthened and extended beyond the present deadline.

3. Housing: Congress should provide Federal aid for low-cost housing and local slum clearance by passing the Wagner-Ellender-Taft bill.

4. Minimum wage: The minimum wage, which has not been changed since 1938, should be raised from 40 to 75 cents an hour.

5. Social security: The social-security law of 1935 should be amended to increase the amount of benefits paid and to extend the number of workers covered by the law.

6. Labor legislation: Congress should take action immediately to repeal the vicious Taft-Hartley Act, which has needlessly complicated union-management relations at the expense of organized labor.

THE HIGH COST OF LIVING—RESOLUTION OF CITY COUNCIL OF FRANKLIN, N. H.

Mr. TOBEY. Mr. President, I ask unanimous consent to present for appropriate reference and to have printed in the RECORD a telegram signed by Eugene S. Daniell, Jr., mayor of Franklin, N. H., embodying a resolution adopted by the council of the city of Franklin relating to the high cost of living.

There being no objection, the telegram was received, referred to the Committee on Banking and Currency, and ordered to be printed in the RECORD, as follows:

FRANKLIN, N. H., August 3, 1948.
Senator CHARLES W. TOBEY,
Senate Office Building,
Washington, D. C.:

Resolution relating to the present high cost of living

Whereas the cost of food (particularly meat), clothing, and the other necessities of

life has risen so rapidly as to sharply reduce the living standard of the citizens of this city, and to seriously endanger the welfare and health of many; and

Whereas Congress is now in session and both major political parties have pledged a remedy to this situation: Therefore be it

Resolved, That the Council of the City of Franklin unanimously urges and petitions the Congress of the United States to take immediate and effective steps to remedy this situation; and be it further

Resolved, That copies of this resolution be sent by telegram to Senators CHARLES W. TOBEY and STYLES BRIDGES and Congressmen CHESTER E. MERROW and NORRIS COTTON for whatever action they deem most expedient.

Approved.

EUGENE S. DANIELL, Jr., Mayor.

Passed August 1948.

A true copy.

Attest:

MILDRED S. GILMAN,
City Clerk.

REQUEST FOR HEARING ON HOUSING AND ANTI-INFLATION MEASURES

Mr. SPARKMAN. Mr. President, I ask unanimous consent to have inserted in the RECORD a telegram which I have received today from H. W. Fraser, chairman, Railway Labor Executives Association, asking to be heard on any new housing measure or anti-inflation measure which may be considered at the special session.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

COLORADO SPRINGS, COLO., August 5, 1948.

Hon. J. J. SPARKMAN,
Senate Office Building,
Washington, D. C.:

Railway labor regards as imperative the passage of adequate housing and anti-inflation measures before the special session adjourns. I urge you and your associates on behalf of a million and a quarter railroad workers to press for action on these two basic problems. We must have good laws on both if our economy is to avoid increasing difficulties in the months immediately ahead. Our people desire to be heard on any new housing measure or any anti-inflation measure which this special session may consider. Please address reply to 1412 East Pikes Peak Avenue, Colorado Springs, Colo. Same telegram to the Honorable CHARLES W. TOBEY and J. J. SPARKMAN of the Senate and JESSE P. WOLCOTT and BRENT SPENCE of the House.

H. W. FRASER,
Chairman, Railway Labor Executives Association.

RELATIONS WITH INTERNATIONAL ORGANIZATIONS—AUTHORITY FOR COMMITTEE TO FILE ADDITIONAL REPORTS

Mr. IVES. Mr. President, the Subcommittee on Relations With International Organizations of the Committee on Expenditures in the Executive Departments is presently engaged in a study and analysis of all legislation enacted by the Eightieth Congress, first and second sessions, dealing with United States relations with international organizations.

The subcommittee expects to present this material in the form of a report to the Senate within the next 6 weeks. Inasmuch as we do not now know definitely what additional legislation of this type may be enacted by the present special session, and inasmuch as the duration of

the special session is still uncertain, I request unanimous consent to file additional reports of the Committee on Expenditures in the Executive Departments during the recess period.

The PRESIDENT pro tempore. Without objection, consent is granted.

EXECUTIVE MESSAGE REFERRED

As in executive session,

The PRESIDENT pro tempore laid before the Senate a message from the President of the United States submitting sundry nominations, which were referred to the Committee on Foreign Relations.

(For nominations this day received, see the end of Senate proceedings.)

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and by unanimous consent, the second time, and referred as follows:

By Mr. BROOKS:

S. 2928. A bill for the relief of Seweryn Cajtung, Masza Cajtung, Ryszard Cajtung, Stefa Plzye, and Franja Goldberg; to the Committee on the Judiciary.

By Mr. MAGNUSON:

S. 2929. A bill for the relief of Victor A. Gorenko; to the Committee on the Judiciary.

By Mr. WILEY:

S. 2930. A bill for the relief of Miklos Kenedi; to the Committee on the Judiciary.

(Mr. BALL introduced Senate Joint Resolution 239, to provide for an extension of time within which the Joint Committee on Labor-Management Relations shall make its final report, which was passed, and appears under a separate heading.)

EXTENSION OF TIME FOR JOINT COMMITTEE ON LABOR-MANAGEMENT RELATIONS TO FILE REPORT

Mr. BALL. Mr. President, at a meeting of the Joint Committee on Labor-Management Relations this morning, the committee agreed unanimously that in view of the over-all situation it would be wise to ask for an extension of time for that committee in which to make its final report on the Taft-Hartley Act. The present requirement is that we make our report by January 2, 1949. It was unanimously agreed that that would not give us sufficient time, and that it would be difficult to get the members of the committee back in December of this year. We have agreed unanimously to ask for an extension until March 1, 1949. It does not require additional funds. The committee has sufficient funds with which to carry on for the extra 2 months. I am sure we can make a better report if we do not have to proceed with only a partial committee working on it here in December. I send to the desk a joint resolution and ask unanimous consent that the rules be suspended so that it may be immediately considered.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Minnesota?

There being no objection, the joint resolution (S. J. Res. 239) to provide for an extension of time within which the Joint Committee on Labor-Management Relations shall make its final report was

read the first time by its title and the second time at length, as follows:

Resolved, etc., That section 403 of Title IV of the Labor-Management Relations Act, 1947, is amended by striking out the words "January 2, 1949" and inserting in lieu thereof the words "March 1, 1949."

The PRESIDENT pro tempore. Is there objection to the present consideration of the joint resolution?

There being no objection, the joint resolution was considered, ordered to be engrossed for a third reading, read the third time, and passed.

EXPOSURE OF COMMUNIST ACTIVITIES

[Mr. WILEY asked and obtained leave to have printed in the RECORD a statement prepared by him on the subject of the exposure of Communist activities in government, which appears in the Appendix.]

JAMES E. WATSON

[Mr. JENNER asked and obtained leave to have printed in the RECORD a poem in tribute to the late Honorable James E. Watson, former Senator from Indiana, by Mark E. Winings, of Elwood, Ind., which appears in the Appendix.]

TRIBUTE TO JOSEPHUS DANIELS BY L. P. McLENDON

[Mr. PEPPER asked and obtained leave to have printed in the RECORD a tribute to the late Josephus Daniels by Mr. L. P. McLendon, which appears in the Appendix.]

THE POLL-TAX FILIBUSTER—EDITORIAL FROM THE NEW YORK TIMES

[Mr. PEPPER asked and obtained leave to have printed in the RECORD an editorial entitled "The Poll-Tax Filibuster," published in the New York Times of July 31, 1948, which appears in the Appendix.]

THE SPECIAL SESSION OF CONGRESS—EDITORIAL FROM THE NEW YORK TIMES

[Mr. PEPPER asked and obtained leave to have inserted in the RECORD an editorial entitled "A Week on Capitol Hill," from the New York Times of August 1, 1948, which appears in the Appendix.]

FILIBUSTERS IN THE SENATE—EDITORIAL FROM THE TAMPA (FLA.) TRIBUNE

[Mr. PEPPER asked and obtained leave to have printed in the RECORD an editorial entitled "Filibusters in the Senate," published in the Tampa (Fla.) Tribune, which appears in the Appendix.]

SENATOR PEPPER, OF FLORIDA—EDITORIAL FROM THE JEWISH FLORIDIAN

[Mr. MURRAY asked and obtained leave to have printed in the RECORD an editorial entitled "Senator CLAUDE PEPPER," published in the Jewish Floridian (Miami, Fla.), July 23, 1948, which appears in the Appendix.]

TRIBUTES TO KENNETH W. SIMONS, LATE EDITOR OF BISMARCK (N. DAK.) TRIBUNE

[Mr. YOUNG asked and obtained leave to have printed in the RECORD a statement prepared by him and a statement by M. J. Connolly, secretary of the North Dakota Automobile Club, and assistant secretary of the Greater North Dakota Association, in tribute to the late Kenneth W. Simons, editor of the Bismarck (N. Dak.) Tribune, which appears in the Appendix.]

INTERNATIONAL WHEAT AGREEMENT—STATEMENT BY FARM LEADERS

[Mr. YOUNG asked and obtained leave to have printed in the RECORD a statement

signed by A. S. Goss, master of the National Grange; Allan B. Kline, president of the American Farm Bureau Federation; and James Patton, president of the National Farmers Union, relative to the International Wheat Agreement, together with a synopsis of questions and answers relating thereto, which appear in the Appendix.]

THE LIBERTY BELL—ARTICLE BY FRED BRECKMAN

[Mr. KEM asked and obtained leave to have printed in the RECORD an article entitled "The Liberty Bell" written by Fred Breckman, and published in the National Grange Monthly, which appears in the Appendix.]

DEMOCRATIC PARTY PROGRAM—ARTICLE BY DORIS FLEESON

[Mr. ROBERTSON of Wyoming asked and obtained leave to have printed in the RECORD an article entitled "Impulse to Suicide," written by Doris Fleeson and published in the Washington Evening Star of August 4, 1948, which appears in the Appendix.]

CONSUMER CREDIT OUT OF HAND—ARTICLE FROM THE NEW YORK TIMES

[Mr. MYERS asked and obtained leave to have printed in the RECORD an article entitled "Consumer Credit Held 'Out of Hand,'" written by Greg McGregor, and published in the New York Times of August 1, 1948, which appears in the Appendix.]

REIMPOSITION OF CURBS ON CONSUMER CREDIT—EDITORIAL FROM THE PITTSBURGH POST-GAZETTE

[Mr. MYERS asked and obtained leave to have printed in the RECORD an editorial entitled "One Inflation Check," published in the Pittsburgh Post-Gazette of July 23, 1948, which appears in the Appendix.]

RUSSIAN PROPAGANDA FEEDS ON AMERICAN FEUDS—LETTER FROM W. J. LITRELL

[Mr. EASTLAND asked and obtained leave to have printed in the RECORD a letter written by W. J. Littrell of Laurel, Miss., which appears in the Appendix.]

THE THIRD PARTY—ARTICLE BY ALFRED BAKER LEWIS

[Mr. McMAHON asked and obtained leave to have printed in the RECORD an article entitled "Truman Following F. D. R.'s Policies; Third Party Hit," written by Alfred Baker Lewis, a member of the American Federation of Teachers, which appears in the Appendix.]

PROPOSED NOMINATION OF WILLIAM O. DOUGLAS TO BE PRESIDENT

[Mr. TAYLOR asked and obtained leave to have printed in the RECORD telegraphic correspondence between Chester Bowles, Leon Henderson, and Walter Reuther, and Mrs. Elliott Dexter, of Encino, Calif., regarding the proposed nomination of William O. Douglas as Democratic nominee for President, which appears in the Appendix.]

FEDERAL CIVILIAN EMPLOYMENT—STATEMENT BY ALVIN A. BURGER

[Mr. HAWKES asked and obtained leave to have printed in the RECORD a statement by Alvin A. Burger entitled "Federal Civilian Employees Keeps Going Up," which appears in the Appendix.]

HIGH PRICES AND THE COST OF LIVING

[Mr. MAGNUSON asked and obtained leave to have printed in the RECORD certain letters and telegrams addressed to him relating to proposed anti-inflation and other legislation as well as a letter addressed by him under date of August 3, 1948, to the Senator from New Hampshire [Mr. TOBEY], which appear in the Appendix.]

STATES' RIGHTS AND CIVIL RIGHTS—ARTICLE BY J. A. THIGPEN

[Mr. EASTLAND asked and obtained leave to have printed in the RECORD a statement entitled "States' Rights—Civil Rights. What Is It All About?" written by J. A. Thigpen, member of the House of Representatives of Mississippi, which appears in the Appendix.]

APPOINTMENT OF JUDGE J. WATIES WARING

Mr. MAYBANK. Mr. President, on August 3, 1948, there appeared in the Charleston News and Courier, in my native city, an article which says that a statement by me in connection with the appointment of Judge J. Waties Waring was not correct. I ask unanimous consent that the article be printed in the RECORD at this point.

The PRESIDENT pro tempore. Is there objection?

There being no objection, the article was ordered to be printed in the RECORD, as follows:

"COTTON ED" SMITH'S SON SAYS MAYBANK NOMINATED WARING

LYNCHBURG, August 2.—There may be some confusion in other parts over the currently hot question of "Who recommended Judge Waring?", but not the slightest doubt exists in the mind of Farley Smith, son of the late Senator Ellison D. (Cotton Ed) Smith.

Recommendation of Federal judges rests with each State's senators, Mr. Smith said, adding that at the time of Judge J. Waties Waring's appointment (December 19, 1941), South Carolina's Senators were his father and Senator BURNET R. MAYBANK.

"It most assuredly was not my father who recommended him and there was only one other man who could have done so: Senator MAYBANK."

The issue was raised the last time by United States Representative W. J. BRYAN DORN, a candidate for Senator MAYBANK's Senate seat. In a campaign speech at Greenwood on Wednesday, Mr. DORN referred to a previous statement by Senator MAYBANK that Judge Waring was appointed on the recommendation of Senator Smith.

Then Mr. DORN said he had talked with "Smith's son and daughter and they were shocked and amazed" that their father's name "was brought into the race in such a manner."

Tonight Senator Smith's son, Farley, now a candidate for election to the State house of representatives, said Mr. DORN had quoted his sentiments in the matter with complete accuracy.

"Everybody knows that my father was an outspoken critic of President Roosevelt's New Deal," Mr. Smith declared. "President Roosevelt attempted to 'purge' him in 1938. Roosevelt told my father in the presence of witnesses that he (Senator Smith) would never get to name anybody to another Federal job."

"After that, my father couldn't have had a post-office clerk appointed. His last appointment of a Federal judge was Judge Alva Lumpkin."

"Any statement that my father recommended Judge Waring is absolutely erroneous."

"Furthermore, Waring was not my father's first, second, third, fourth, or fifth choice. If Waring's name had gone down as No. 1 on my father's list he never would have been appointed."

"Anybody who had my father's stamp of approval would have been marked for defeat from the start."

"There were only two people who could have made the recommendation: My father

and Senator MAYBANK, and it wasn't my father."

A newspaper account dated November 28, 1941, and published in the News and Courier, said that Senator Smith, cognizant of his unpopularity with the New Deal, refused to recommend any single individual. Instead, he prepared a list of 10 lawyers whom he considered "well qualified" and sent them to Senator MAYBANK.

The newspaper account said that "Senator MAYBANK, waiting to submit a list, is believed to have taken his senior colleague at his word and said, in effect, 'O. K., Waties Waring suits me'."

Mr. MAYBANK. Mr. President, at no time have I stated that the appointment of Judge Waring was made solely upon the recommendation of Senator Smith. I stated, "I joined with Senator Smith in recommending the appointment of Judge Waring, who at that time was conceded to be a staunch and loyal Democrat of the Jeffersonian school." I further stated that Senator Smith had recommended Mr. Waring to be judge before I was ever a United States Senator.

Mr. President, I have the official documents showing the basis for my statement, as follows:

Exhibit 1: The original letter signed by the Attorney General.

Exhibit 2: My reply to the Attorney General's letter.

Exhibit 3: The Attorney General's reply to me.

Exhibit 4: The letter the Attorney General wrote to the chairman of the Senate Judiciary Committee, Senator Van Nuys, January 9, 1942, copy of which I obtained from Mr. Young, of the committee, yesterday.

I ask that these letters be printed in the RECORD at this point.

The PRESIDENT pro tempore. Is there objection?

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

EXHIBIT 1

OFFICE OF THE ATTORNEY GENERAL,
Washington, D. C., November 7, 1941.

HON. BURNET R. MAYBANK,
United States Senate,

Washington, D. C.

MY DEAR SENATOR: Pursuant to our conversation this morning, there is attached a list of names that were submitted to this Department in November of 1940 by former Senator Byrnes for consideration in connection with the judicial vacancies in South Carolina.

On October 1 of this year Senator Smith called at this office and submitted a list of names for consideration. This list is also attached. There is some duplication in the names.

There is also attached a summary of such information as we have on each of these candidates.

With kind regards.

Sincerely,

FRANCIS BIDDLE,
Attorney General.

EXHIBIT 2

NOVEMBER 10, 1941.

HON. FRANCIS BIDDLE,
Attorney General,
Department of Justice,
Washington, D. C.

DEAR MR. ATTORNEY GENERAL: Thanks for sending me the list of persons recommended by Senator Smith for judge in South Carolina.

I would agree to the confirmation of any one of the gentlemen named by Senator Smith, or any lawyer in South Carolina, who, after investigation, is nominated by the President.

The first vacancy created was in the eastern district. The second man on the list recommended by Senator Smith is Mr. J. Waties Waring, of Charleston. I join in this recommendation by Senator Smith of Mr. Waring for judge of the eastern district.

As to the appointment of a judge for the eastern and western districts, the headquarters of this judge are in Columbia. I recommend for the appointment Mr. George Bell Timmerman, of Lexington, S. C. Lexington is approximately 15 miles from Columbia.

The name of Mr. Timmerman does not appear on the list submitted by Senator Smith, but I know that Mr. Timmerman has been a friend and political supporter of Senator Smith, and I feel satisfied he will have no objection to him. His qualifications are testified to by many lawyers and judges, whose endorsements have been filed with the Department.

Sincerely yours,

BURNET R. MAYBANK.

EXHIBIT 3

OFFICE OF THE ATTORNEY GENERAL,
Washington, D. C., November 14, 1941.

HON. BURNET R. MAYBANK,
United States Senate,

Washington, D. C.

MY DEAR SENATOR MAYBANK: Thank you very much for writing me about your suggestions for filling the vacancies in South Carolina, which I shall discuss with the President at the earliest opportunity.

Sincerely yours,

FRANCIS BIDDLE.

EXHIBIT 4

JANUARY 9, 1942.

HON. FREDERICK VAN NUYS,

Chairman, Judiciary Committee of the
Senate, United States Senate,
Washington, D. C.

MY DEAR SENATOR: There is now pending before the Judiciary Committee of the Senate a nomination in favor of Hon. J. Waties Waring to be United States district judge for the eastern district of South Carolina, and a nomination in favor of Hon. George Bell Timmerman to be United States district judge for the eastern and western districts of South Carolina. These nominations were submitted to the President after careful investigation and study, following the recommendations of both Senators of South Carolina.

On October 1, 1941, Senator E. D. Smith, together with his son, Mr. E. D. Smith, Jr., who, I understand, serves as his secretary, called at this Department to discuss the appointments and left a memorandum containing nine names. The Senator stated that the selection of any one of the names mentioned would be highly agreeable to him. In response to a request that he name his first three choices, he designated Mr. Christie Benet, Mr. Waties Waring, and Mr. Angus H. Macaulay. There is attached a photostatic copy of the memorandum which Senator Smith left, with notations made as to these choices. This was done in his presence and at his direction.

Thereafter, Senator Smith from time to time wrote a letter in behalf of other prominent lawyers of South Carolina, indicating that he would interpose no objection should they be selected for one or the other of these judicial posts. On November 27, Mr. Linton M. Collins, Acting Assistant to the Attorney General, saw Senator Smith in his office. At that time the Senator urged that some action be taken early, and mentioned the names of

Mr. Waring and Mr. Timmerman, indicating that they were acceptable. At the request of Mr. Collins, Senator Smith wrote a letter on that date, in which he stated that he would have no objection to the confirmation of Mr. Timmerman. A photostatic copy of that letter is attached for your information.

On the morning of December 4, I personally called upon Senator Smith at his office and advised him that after careful study of all the candidates I believed that Mr. Waring and Mr. Timmerman were the best choices and that I would recommend their nominations. He gave me full assurances that he would interpose no objection to their confirmation and indicated that he thought they were splendid selections.

This information is forwarded to you for your consideration in connection with the confirmation of these nominations. I sincerely hope that there may be an early approval by your committee, followed by favorable action in the Senate.

With kind personal regards,

Sincerely,

FRANCIS BIDDLE,
Attorney General.

Mr. MAYBANK. Mr. President, after Senator Smith had made the recommendation, Mr. Benet called on me at the Governor's Mansion while I was Governor, just before I became United States Senator, and again called upon me in Washington, and asked me to help in every way I could to have Mr. Waring appointed.

After Mr. Benet requested me to cooperate with Senator Smith in having Mr. Waring appointed, and since Mr. Waring was Senator Smith's second choice, I agreed. While I cooperated with Senator Smith, never once did I speak to President Roosevelt regarding the appointment, nor did I discuss the matter with him at any time.

Let me add that I have the greatest respect for the memory of my former distinguished colleague, Senator Smith, and I know if he had lived he would verify my statement. He and I worked together in the United States Senate for more than 4 years without any dissension.

In justice to myself, I felt I should call attention to the records of the Judiciary Committee of the Senate and the Department of Justice.

I have the records showing the executive nomination, the notice of the hearing, and the confirmation.

I might say that the records of the Committee on the Judiciary, which I read in the committee, show that the Senator from Arizona [Mr. McFARLAND], was the chairman of the subcommittee, and that the Senator from Wisconsin [Mr. WILEY], the distinguished chairman of the committee, was present at the meeting, the other member of the subcommittee having been Senator Murdock, of Utah, who is no longer a Member of the Senate.

I am certain that the Senator from Arizona is fully familiar with the facts I have stated. He called on me to come to the meeting, but I did not go, and he called Senator Smith to attend the meeting, and Senator Smith appeared at the meeting in behalf of Judge Waring. That is the record of the Committee on the Judiciary. I have already

submitted the correspondence for the RECORD.

Mr. McFARLAND. Mr. President, I ask unanimous consent to address the Senate for 1 minute.

The PRESIDENT pro tempore. Is there objection? The Chair hears none.

Mr. McFARLAND. Mr. President, in regard to the nomination of Judge Waring, to which the Senator from South Carolina [Mr. MAYBANK] has just referred, I wish to state that I was appointed by the then chairman of the Judiciary Committee to be chairman of a subcommittee to consider this nomination, and notice was given of the hearing on the nomination, as provided for by the rules of the Judiciary Committee. No one appeared at that hearing. I telephoned the junior Senator from South Carolina [Mr. MAYBANK] and asked him if he cared to appear; but he informed me that he was willing to stand by whatever the then senior Senator from South Carolina, Mr. Smith, might recommend in regard to the nomination. The senior Senator from South Carolina appeared before the full committee in behalf of Judge Waring, and endorsed his nomination. It is my opinion that the nomination of Judge Waring would not have been confirmed had Senator Smith not approved it. I say that because of the high esteem in which Senator Smith was held by the members of the Judiciary Committee and by the Senate.

THE INTERNATIONAL WHEAT AGREEMENT—EDITORIAL FROM THE NEW YORK TIMES

Mr. LODGE. Mr. President, I desire to be recognized for 5 minutes.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and the Senator from Massachusetts is recognized.

Mr. LODGE. The first matter I desire to read is an editorial from the New York Times under date of Wednesday, August 4, 1948, entitled "The Wheat Agreement." Inasmuch as this is one of the matters now pending in the Congress, I believe Senators will be interested to hear this brief editorial which I think succinctly expresses some of the reasons why this matter should not be taken up now. I am not speaking of its fundamental merits for the future. I read the editorial, as follows:

[From the New York Times of August 4, 1948]

THE WHEAT AGREEMENT

Commenting on the nine "miscellaneous" matters listed by the President last week as requiring legislation at the present special session of Congress, we expressed the opinion here that with respect to five of them there seemed to us to be no good reason for rushing action. Mr. Truman's demand for ratification by the Senate of the proposed International Wheat Agreement is typical.

This proposal for setting up of what can best be described as a Government-sponsored wheat cartel was described by Senator VANDENBERG the other day as "one of the most complicated and controversial agreements ever submitted for our consideration." The plan, he pointed out, was not sent to the Senate for ratification until April 30, last, and approval was called for by July 1. Yet last week Mr. Truman said he had "good

reason to believe that it can still be made effective if ratified promptly."

It is difficult to understand why immediate action should be asked. Since July 1, to complicate matters, Britain, Canada, Australia, Ireland, New Zealand, and Denmark have bowed out on the agreement (though it is conceivable that they might be induced to return if we ratified) and our Department of Agriculture has announced its goal for the 1948-49 wheat crop, calling for a reduction in wheat acreage. There is nothing in the Department's announced program to indicate that its plans were based in any way on approval of the wheat agreement.

Senator VANDENBERG's comment that the proposed agreement is highly controversial is not an overstatement. Under its terms Canada, Australia, and the United States as exporting countries (two of the largest, Russia and Argentina, have elected to remain on the outside) would contract to sell to the importing member countries 500,000,000 bushels of wheat annually at prices fixed by upper and lower limits. The American export quota is 185,000,000 bushels. For 1948-49 the maximum price is \$2, the minimum \$1.50. What it would come down to at the present time is this: The \$2 maximum, which would be the effective price for us, is figured on No. 1 Manitoba Northern wheat laid down at Fort William, Canada. Its equivalent in Kansas City is around \$1.88. But under our own farm support program the price of wheat at Kansas City is guaranteed today at approximately \$2.24 a bushel. Obviously if the Government is going to sell wheat at \$1.88 for which it has to pay \$2.24 itself, this implies a subsidy of 36 cents on each bushel exported. We would thus be whipsawed, as it were, between two subsidies. With one we would be supporting domestic prices, with the other reducing prices on 185,000,000 bushels of export grain.

As it happens, there is not the slightest pressure, other than vocal, on us to make a decision this month or next, or even next year or the year after. The reason is to be found in the Marshall plan. It was originally estimated by the Economic Cooperation Administration that wheat exports for the coming crop year would be around 300,000,000 bushels. Reports from Washington yesterday indicated that as a result of the unexpected improvement in the grain outlook here and the unexpectedly large amounts of grain being sought by importing countries the goal had been raised tentatively to 450,000,000 bushels and might go higher. These figures should effectively dispel any illusions that only by jumping blindly into such a permanent export policy as that embraced by the wheat agreement can this country avoid a catastrophic wheat carry-over at the end of the coming crop year.

Mr. TYDINGS. Mr. President—

The PRESIDENT pro tempore. The Senator from Massachusetts still has the floor.

HOUSING AND SUBSISTENCE NEEDS—
LETTER FROM MSGR. DANIEL J. DONOVAN

Mr. LODGE. Mr. President, under a separate heading in the RECORD I should like to read a letter which I have received from a constituent of mine on another point. This letter comes from the Very Reverend Monsignor Daniel J. Donovan, and it contains so much wisdom and understanding that I feel I should make it available to all the Mem-

bers of the Senate, so I shall read it. It is very brief:

BOSTON, MASS., July 29, 1948.
Hon. HENRY CABOT LODGE,
Senate Office Building,
Washington, D. C.

DEAR SENATOR LODGE: Today I forwarded to Senator SALTONSTALL a copy of a flier distributed by the Communist Party of Massachusetts at the doors of the textile manufacturing buildings in this district. I am sorry that I have not another copy of it to send you, for I know you would like to see it. It was an appeal to the readers to write to the national legislators regarding proposed measures in the present session of Congress.

Waving aside the pro-Soviet features of the article, I do feel, nevertheless, that the current indifference of our legislators in Washington to the housing and subsistence needs of millions of low-salaried citizens is appalling. I am sure that other millions like myself are convinced it is the most effective way to multiply Communists and communistic sympathizers in our land.

To us who are thoroughly anticommunistic, but whose close experiences with ordinary people give us a sad understanding of their present grave needs of adequate housing and of income enough to buy the basic foods, fuel, and clothing, the present situation is ominous.

I feel it makes no difference at all to the man in the street, including myself, who called the present session of Congress, or what his motives were. The essential fact is that there is a crying need for relief in those two important phases of life for our citizens—housing and reasonably fixed purchasing power to get the material necessities of life.

To make such essentials the football of partisan politics at this time is to invite the scorn of millions of our citizens and to increase resentment among those suffering to the point where they will turn in desperation to communism for the relief that our traditionally sound parties could have attempted to give them.

With kindest feelings of personal esteem for you, I am,

Very sincerely yours,
(Very Rev. Msgr.) DANIEL J. DONOVAN,
St. James Rectory.

Mr. President, I have assured Monsignor Donovan of my complete sympathy with his viewpoint and of my strong conviction that we must take practical and effective action on the vital problems of which he writes.

SOLICITOR GENERAL PHILIP B. PERLMAN

Mr. TYDINGS. Mr. President, I ask unanimous consent to be recognized for 3 minutes.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and the Senator from Maryland is recognized for 3 minutes.

Mr. TYDINGS. Mr. President, I desire to present for the RECORD the outstanding services and accomplishments of Mr. Philip B. Perlman since he has been the Solicitor General of the United States and to present briefly the record before the Supreme Court and in other respects that he has made since he has occupied that high office.

It will be recalled that the President sent Mr. Perlman's nomination to the Senate on January 31, 1947. He was confirmed July 26, 1947, and sworn in on July 31, 1947, 6 months after his nomination reached the Senate.

The Senator from Michigan [Mr. FERGUSON], chairman of the subcommittee of the Committee on the Judiciary dealing with the matter, held up the nomination for 3½ months before beginning hearings, until the last week of the first session of the Eightieth Congress.

On the floor of the Senate, on the last day of the session, the Senator from Maine [Mr. BREWSTER] and the Senator from Michigan [Mr. FERGUSON] further delayed the confirmation of the nomination, but fortunately it was finally disposed of before the Senate adjourned.

I now present to the Senate the record Mr. Perlman has made since he was confirmed. During the October 1947 term of court Mr. Perlman personally argued a total of 12 cases before the Supreme Court of the United States. One of the cases was not decided, and was set for reargument in the October 1948 term. Of the 11 cases decided, Mr. Perlman was successful in 8, and in each one of the 3 adverse decisions he lost the case only by a vote of 5 to 4 in the Supreme Court.

During the term the Government had a total of 69 cases for argument in the Supreme Court. The Solicitor General was in general charge of all these cases, and made the assignments of counsel for the arguments. The Government won 51 of the 69 cases tried in that term of court. The Solicitor General and his staff accounted for 37 of the arguments, and the other arguments on these cases were made by attorneys for other divisions of the Department of Justice and from other governmental agencies.

Mr. Perlman, the Solicitor General, argued about one-third, or almost 33 percent, of all the cases handled by his office for the Government. Only two other lawyers argued as many as six cases each, so that Mr. Perlman argued twice as many cases in the Supreme Court as the highest number by any other Government attorney during the term.

Among the cases argued and won by Mr. Perlman were the three cases involving the constitutionality and application of the Negotiation Acts, a decision that involved sums in excess of \$10,000,000,000; the case involving the constitutionality of the Rent Control Act; the cases involving the enforceability of racial restrictive covenants on real property; and the two cases in which the Supreme Court held that the Government has the right to subpoena and use records, the keeping of which is required by law, without automatically granting immunity from prosecution under the Compulsory Testimony Act.

During the term the Solicitor General filed in the Supreme Court 29 petitions for writs of certiorari, of which 19 were granted. On the other hand, 305 petitions for writs of certiorari were filed against the Government, and a brief was filed in each one of these 305 cases. The Supreme Court denied 283 of these petitions, granting but 22.

The Baltimore Sun of Thursday, June 24, 1948, contains an article by Mr. Robert W. Ruth entitled "Record Made

by Perlman—Solicitor General Wins 51 of 69 Cases for United States in Year." I ask unanimous consent that the article be printed in the RECORD at this point as a part of my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

RECORD MADE BY PERLMAN—SOLICITOR GENERAL WINS 51 OF 69 CASES FOR UNITED STATES IN YEAR

(By Robert W. Ruth)

WASHINGTON, June 23.—Philip B. Perlman, United States Solicitor General, has played a leading role in helping establish one of the most impressive records ever marked up by the Justice Department during a single Supreme Court term.

The Baltimorean, who outranks all other Marylanders in the executive branch, has now been in Washington almost a year. He was sworn in on July 31 after a prolonged battle with Senator FERGUSON (Republican, of Michigan) over his confirmation, and even then his name was narrowly squeezed in for Senate approval during the closing rush of Congress last year.

Attaches of the Justice Department and the Supreme Court assert that he is serving with distinction, that the Justices have gotten to know the Marylander well through his frequent appearances before the high tribunal, and that he fits well into the tradition of able men, such as William D. Mitchell and John W. Davis, who have held the Solicitor General's job.

WON 51, LOST 18 CASES

In terms of statistics, Mr. Perlman's record looks well even against the background of an unusually successful year of Department litigation before the Supreme Court.

Of the 69 cases handled through the Department and actually decided by the Court, the Government was successful in 51, unsuccessful in 18. In the memory of one Court official, this is as good as the Department has ever done.

According to Tom C. Clark, Attorney General, the Department won more antitrust cases than during any other term.

Although Mr. Perlman himself appeared in few trust cases, he and his staff argued 37 cases. Of these, 3 were set over for reargument, 24 won and 10 lost—a much above average record.

PERLMAN APPEARED PERSONALLY

In sharp contrast to his immediate predecessor, J. HOWARD McGRATH, present Democratic Senator from Rhode Island, Mr. Perlman has gone personally before the Court in case after case, which has built up for him a reputation as a hard worker.

He himself has argued 12 cases, about a third of the total presented by his staff. His score runs: eight won, three lost, and one set for reargument.

Appearing in cutaway and striped trousers, speaking clearly and with dignity—although he is not a facile talker—Mr. Perlman has fought through the following cases decided in the Government's favor:

Three involving the validity of the Renegotiation Act—the Government's war powers authority to renegotiate contracts was upheld, thus legalizing Federal collection of more than \$10,000,000,000.

RACIAL REALTY AGREEMENTS

Unenforceability of racial restrictive covenants—a 6-to-0 decision barred courts from enforcing real-estate agreements which raise racial barriers in all-white neighborhoods.

Validity of the Rent Control Act—a decision setting aside a Cleveland District Court ruling declaring the 1947 Rent Control Act invalid on grounds the country is "in fact"

at peace, thus rendering the War Powers Act inapplicable.

Habeas corpus writs sought by enemy aliens—under nineteenth-century statute the Government can deport enemy aliens during war. In this case the German aliens resisted when the Government started to deport them after the war. The Government had contended it was not physically possible to deport them during the conflict. The Supreme Court upheld the Government view that the aliens could be deported after the war.

Cases involving production of documents, which might incriminate—an individual has a right to refuse to produce papers which might incriminate him. An exception, however, is a public document. The Supreme Court sustained the Government view that OPA requirements that businessmen keep sales records kept those records from being private records that need not be produced if they incriminate.

According to Arnold Raum, senior member of Mr. Perlman's staff, the renegotiation, racial covenant, and rent cases were particularly important.

MR. TYDINGS. In conclusion I should like to say that those who care to examine into the facts will find that no Solicitor General of the United States has ever had a more successful record during the short time he has occupied that office than has Mr. Perlman. I make this statement because I think he is entitled to have it made, considering the long delay between the time the nomination came to the Senate and 6 months later, when the nomination was confirmed.

INTERNATIONAL WHEAT AGREEMENT

MR. CAPPER. Mr. President, I hope to see the international wheat agreement voted out favorably because to postpone it is, I believe, to kill the agreement. The market has fallen materially since the agreement was negotiated, and we should not forget that the wheat which we are pledged to supply under the Marshall plan we shall have to buy, no matter what the price, and it can be applied on our commitments under the wheat agreement. This combination probably will never happen again. I feel that to fail to ratify this agreement at this session is a desertion of American agriculture. I do not intend to be guilty of doing so.

CLIFFORD K. BERRYMAN

MR. FERGUSON. Mr. President, I learned this morning that today, August 4, marks the sixty-second anniversary of the arrival in Washington from Kentucky of a very great and influential man, Clifford K. Berryman, of the Washington Evening Star, and I should like to pay my compliments to him and to his profession.

In the American political tradition, few commentators have had more influence than the political illustrators and caricaturists. It was one of them, Thomas Nast, who gave us the symbols for our two great parties.

Cliff Berryman, both by the span of his years and the brilliance of his work, has been as responsible as any other for the maintenance of that tradition.

His pen is barbed, but it is guided always by the warmth of deep human feel-

ing. It has always been a constructive influence. His cartoons are editorials of great significance to national affairs.

VETERANS' FLIGHT-TRAINING PROGRAM

MR. BROOKS. Mr. President, I ask unanimous consent to have printed in the RECORD the text of a statement I presented to the House Committee on Veterans' Affairs on August 3, 1948, in connection with its executive session on the interpretation of Public Law 862, Eightieth Congress, by the Veterans' Administration.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT OF SENATOR C. WAYLAND BROOKS, OF ILLINOIS, TO THE HOUSE COMMITTEE ON VETERANS' AFFAIRS ON AUGUST 3, 1948.

Perhaps no other Member of Congress has been closer to the veterans' flight training program than I have. It, therefore, comes as a distinct shock to me to be informed by many of my constituents that the Veterans' Administration has so obviously misinterpreted and misapplied the intent and will of Congress, as expressed in the amendment to the proviso in Public Law 862, Eightieth Congress.

Despite the fact that Congress expressly provided by this statute (Public Law 862, 80th Cong.) that GI flight training courses, in cases where veterans elected them in connection with their present or contemplated business or occupational activities, shall not be considered as avocational or recreational, nevertheless, many field officers are misunderstanding or misapplying rulings from the Veterans' Administration central offices by arbitrarily stating that GI flight training courses are avocational or recreational and a veteran shall therefore not be entitled to elect them.

This unwarranted interpretation is being accomplished in two ways—first, Veterans' Administration regional offices, relying upon General Gray's Instruction No. 1 of June 30, 1948, are demanding that the veteran must show complete justification for electing the courses, going so far in certain instances to demand affidavits from present and prospective employers as the basis for complete justification. Secondly, Veterans' Administration regional offices, because they are unwilling to use the authority delegated to them by the Administrator to interpret and apply complete justification, are refusing to pass judgment for GI flight training courses which are pending stating that they will not rule thereon without more explicit and understandable instructions from the Veterans' Administration central office.

It was never my intention and I am sure it was never the intention of my colleagues in the Senate or of the Members of the House to pass the amendment to the proviso of Public Law 862, Eightieth Congress, to give to the Veterans' Administration and its regional and branch offices unrestricted right and power to pass judgment on the motives of veterans in the use of their entitlements for GI flight training or any other courses. It was our sole intention to empower them to declare certain courses avocational or recreational where they were obviously so with the distinct exception that this power should not extend to GI flight training courses where such courses were designed to give to the veteran instruction or training for his present or contemplated occupation. In other words, both the Senate and House were considering what the veteran expected to do and the word "contemplated" was intended to imply that the veteran was thinking about pursuing such an

occupation. Rarely is a contemplated occupation one which has a promised job waiting completion of a training. The contemplated occupation of a medical student is the practice of medicine, even though no hospital has offered him a post on its staff. The contemplated occupation of a law student is the practice of law and does not assure a position in a law firm. It is an unprecedented twisting of ordinary language, as contained in Instruction No. 1, which states that a veteran while still a trainee cannot have a contemplated occupation unless he has an affidavit in his hand from a prospective employer.

Accordingly, I feel that the central office of the Veterans' Administration should rescind all of its instructions applicable to GI flight training and replace them with new instructions which will more clearly, accurately and fairly give to veterans their rightful entitlements. To these ends, I believe that an affidavit from the veteran to the effect that he wishes to elect GI flight-training courses "in connection with his present or contemplated business or occupation" should be adequate and should entitle him to enroll in the course he elects without delay. Only by taking such action immediately can grave injustice to the veteran be averted.

THE POLL TAX

Mr. STENNIS. Mr. President, yesterday during the debate certain figures and statistics were given relative to Mississippi, with reference to our primary elections and other matters. At that time there was no opportunity to correct the figures or to submit other figures which make the picture more complete. For that reason I ask unanimous consent to have printed in the body of the Record at this point as a part of my remarks a statement which I have prepared relative to this subject.

There being no objection, the statement was ordered to be printed in the Record, as follows:

In the debate on H. R. 29, certain figures were cited relative to the State of Mississippi. Without questioning the authenticity of the figures, it is only fair to point out that virtually all of those cited with reference to Mississippi were either out of date or present a distorted picture of the actual condition.

At one point the per capita income of citizens of Mississippi was listed at \$123, as compared with a national average of \$368. I should like to call attention to the Department of Commerce estimates for the year 1945, which list the per capita income of citizens of Mississippi at \$556, as compared with a national average of \$1,325. It is evident from this comparison that Mississippi's income is increasing at a greater average than that of the Nation as a whole.

There are those of us in the South who contend that our section has too long been held in a type of economic bondage that corresponds in some respects to the type of political bondage that might result if various types of ill-considered legislation were to be allowed to become law.

Figures were presented showing the percentage of the population participating in general congressional elections in Mississippi in 1946, and much was made of the relatively low percentage of the population of the various districts which participated in these general elections. I should like to point out that there was no opposition to any of the seven nominees cited in this chart. Naturally, only a small fraction of the qualified electorate took the trouble to cast a ballot.

In Mississippi, elections are decided in the primaries. In 1946 there were four congressional seats contested in the primaries, and I submit the percentages of this vote, as a fairer test:

District	Population	Primary vote	Percentage
1. Rankin.....	263,367	25,208	9.2
5. Winstead.....	261,466	28,227	10.8
6. Colmer.....	319,635	44,623	13.9
7. Williams.....	470,781	39,364	8.4

Even the congressional primaries are not a fair test of the voting strength of Mississippi, however. With the exception of an occasional district judgeship, no other elective offices are at stake in these primaries. In the vast majority of our States, all types of State, district, and local offices are elected in the same primaries and general elections which choose Members of Congress.

In Mississippi our State and local officers are chosen at 4-year intervals. The most recent primary, which chose nominees for all offices from governor down to constable, was held in August of 1947. In this primary 365,228 citizens cast votes for governor, in contrast with 191,806 who participated in the last State-wide congressional primary.

There are no exact figures available as to the number of qualified electors for the Democratic primary, but an official, authoritative estimate places this figure at 560,000. This figure includes those who were declared not eligible to vote for reason of not having paid poll taxes. So it can be seen that actually 65 percent of the qualified electors participated in the general primary. That figure, I submit, compares favorably with most of the States of the Union.

THE NATIONAL HEALTH INSURANCE PROGRAM

Mr. MURRAY. Mr. President, a few days ago the Senator from Missouri [Mr. KEM] indulged in rather extended comments on the President's national health insurance program. I believe we all remember that quite recently Mr. Bernard Baruch made some remarks quite different in tone from those delivered by the Senator from Missouri. He said in part, referring to the problem of paying for medical care:

Nothing has been suggested so far, which promises success, other than some form of insurance covering these people by law and financed by the Government, at least in part—what some would call "compulsory health insurance."

Because Members of the Congress, who are well aware of the excellence of Mr. Baruch's advice on various matters may not be aware of the fact that Mr. Baruch's father, Dr. Simon Baruch, was one of the Nation's pioneers in physical medicine and may not be thoroughly aware of Mr. Baruch's long and expert acquaintance with the field, I ask unanimous consent that the article by Dr. Howard Rusk, entitled "Baruch Committee Spurs Aid to Physically Handicapped," which appeared in a recent issue of the New York Times, be set forth in the Record at the conclusion of these remarks. The article succinctly describes what a remarkable job has been done for the physically handicapped in the amazingly short period of 5 years by the Baruch Committee on Physical Medicine. It is just one more evidence of Bernard Baruch's great

service to the American people. It is evidence, too, that when Mr. Baruch talks of the economics of medicine he is speaking as one who knows the field.

There being no objection, the article was ordered to be printed in the Record, as follows:

BARUCH COMMITTEE SPURS AID TO PHYSICALLY HANDICAPPED—MAJOR OBJECTIVES SET 5 YEARS AGO REACHED—MANY SCHOOLS COOPERATE IN PLAN

(By Howard A. Rusk, M. D.)

Of 20,000,000 men examined for selective service during the last war, more than three-quarters of a million were found to have gross physical disabilities, such as amputations, blindness, deafness, a congenitally short leg, club foot, or a withered arm, disabilities requiring intensive physical rehabilitation. Realizing that another large group of disabled persons would be discovered in case of another draft or universal military training, Bernard M. Baruch, in his testimony before the Senate Armed Services Committee last March, advocated "some compulsory means of rehabilitating youths with physical and mental defects that can be corrected."

Mr. Baruch's recommendation is based on a long-time interest in the problems of handicapped persons. A man noted for his ability to concentrate on a single task until it is accomplished, he was convinced during the early days of World War II that full use was not being made of the specialty of physical medicine in the rehabilitation either of the war disabled or the far greater number of civilian handicapped. Consequently, in October 1943, he invited a committee of 40 scientists, headed by Dr. Ray Lyman Wilbur, chancellor of Stanford University, to draw up a plan for the development of physical medicine for this country, and in 1944, founded the Baruch Committee on Physical Medicine in memory of his father, Dr. Simon Baruch, the first professor of hydrology at Columbia University, and one of the Nation's pioneers in physical medicine.

Major objectives of the committee were: (1) to increase the number of physicians trained to teach and use physical medicine; (2) to provide for more extensive basic and clinical research in physical medicine; and (3) to insure its proper use in relation to wartime rehabilitation and peacetime preparedness.

ALL OBJECTIVES ACHIEVED

In the annual report of the committee, issued last week, Dr. Frank Krusen, director, asserts that those major objectives have been achieved in less than 5 years.

The effect of the committee's efforts on increasing opportunities for training physicians and other personnel in physical medicine, the first objective, is shown by the fact that, when the committee was organized, there were only five approved residencies or fellowships in physical medicine available annually in three medical centers. Today there are 70 such residencies and fellowships available annually at 34 medical centers. Compared with 30 medical schools then offering instruction in physical medicine, there are now 60, just double the original number. Many physicians trained under Baruch fellowships are now teaching in large medical centers or directing programs in Army, Navy, and Veterans' Administration hospitals.

Since the establishment of the committee the American Board of Physical Medicine has been organized and officially recognized by the American Medical Association as the sixteenth medical specialty.

SIMILAR PROGRESS RECORDED

Similar progress has been made in the achievement of the second objective, provid-

ing for more extensive basic and clinical research. The report, in addition to summarizing the general advancement in physical medicine, outlines current research being carried on in 12 leading medical colleges in the therapeutic utilization of the science of physics through the use of heat, cold, light, water, electricity, massage, muscle reeducation, therapeutic exercise and physical rehabilitation.

Gains in insuring the proper use of physical medicine in relation to wartime rehabilitation and physical preparedness are made evident by the fact that rehabilitation and physical medicine services have been made a regular service in all military and VA hospitals, and are gradually being introduced on a wider scale in civilian medical centers.

ALLOCATIONS ARE LISTED

Although there have been a few pioneer civilian rehabilitation centers, such as the Institute for the Crippled and Disabled, the Milwaukee Curative Workshop and the Cleveland Rehabilitation Clinic, that have done outstanding work, such facilities prior to the war were limited in number, were found only in large cities and were not associated with medical schools or general hospitals. There are, today, however, some 150 communities that have or are planning civilian rehabilitation centers. Most such communities are following the recommendation of the Baruch committee that these centers be medically directed and be associated with civilian hospitals and medical schools if possible.

Of the original allocation of \$1,250,000, \$400,000 was given to Columbia University College of Physicians and Surgeons for a model research and treatment center, \$250,000 to the Medical College of Virginia for a center specializing in hydrology, and \$250,000 to New York University College of Medicine for a center devoting special attention to the structural mechanics of the body. Smaller amounts were given a number of other universities for special research products.

The major centers, which are being developed over a 10-year period, are designed to serve as models for medical schools and hospitals both in this country and abroad. With Mr. Baruch's experience, wisdom and vision, and the great need for increasing services to the physically handicapped, it is easy to see why the major objectives of the committee have been accomplished in such a short time.

BOYS' FORUM ON NATIONAL GOVERNMENT

Mr. MURRAY. Mr. President, I should like to compliment the American Legion for the excellent service it is performing for the youth of this Nation through the Boys' Forum on National Government which the Legion sponsors annually. I am particularly conscious of the value of this Legion activity because yesterday I had the pleasure of lunching with two outstanding young men attending the forum from the State of Montana. They were chosen to represent the several hundred who, in my State, were eager participants in the "Boys' State," sponsored by Montana units of the Legion. These fine young men, who have told me how much this trip has meant to them, are James Woodburn of Bozeman, Mont., and Robert Davis of Dillon, Mont.

I can think of few better ways of building Americanism than by bringing these young men directly in touch with our State and national legislatures and by having them meet the men in charge of the various departments of our Government. The Legion is letting them

see our democratic processes in action. Thereby, the American Legion insures a real understanding of how American democracy works. To my mind this is one of the most effective ways of preventing totalitarianism from gaining any sort of foothold in this country of ours. As our young men become acquainted with the working mechanisms of free enterprise, both in business and in Government, there can be no question but that they will value it far above any other way of life.

I know my colleagues in the Senate will want to join with me in complimenting the American Legion for this outstanding work.

THE ATOMIC ENERGY ACT

Mr. McMAHON. Mr. President, Government officials and Government agencies forever complain that the constant criticism they get from the Congress and the press makes the life of a public servant intolerable. It is hard to recall an occasion when anyone closely associated with the executive branch lamented the fact that a Government agency was suffering from too little critical scrutiny.

This is precisely the complaint made in an article entitled "The Atomic Energy Act: Public Administration Without Public Debate"—which appears today in the University of Chicago Law Review.

Until recently its author, Herbert S. Marks, was General Counsel of the Atomic Energy Commission. Even before he held that office, Mr. Marks had been intimately identified with the State Department's work on atomic energy, notably the Acheson-Lillenthal Report.

He has been and is a staunch supporter of the McMahon Act, and of Mr. Lillenthal and his associates on the Atomic Energy Commission. But he suggests that the success of our entire atomic energy program is endangered because it does not enjoy the invigorating corrective effects of the kind of broad critical public scrutiny which this country gives to all other governmental affairs.

We have recently observed a striking example of this hands-off attitude of which Mr. Marks writes. In the debate over extension of the terms of the Atomic Energy Commissioners, vague anonymous opinions were cited against confirming Mr. Lillenthal for a 5-year term by the proponents of the 2-year extension bill.

I tried repeatedly and in vain to get a full airing of these anonymous opinions, and to get an open debate on the issue of confirmation so that the entire Congress and the public might have the facts and form a judgment upon them—as they do in other public matters. No one would join issue with me.

Mr. Marks' article discusses this and other examples of unhealthy public indifference to the problems of atomic energy. Open debate and criticism of Government affairs is traditionally our main safeguard against arbitrary or incompetent Government officials and agencies. Mr. Marks believes, as I do, that our atomic-energy program is in good hands. But it is the essence of democracy that no public official and no public agency is

above having his activities fully and openly debated and criticized.

The requirements of secrecy, Mr. Marks insists, are not so strict as to prevent adequate public scrutiny and debate of atomic energy affairs. And I can testify from my own intimate experience of atomic energy in the past 3 years that—contrary to popular impression—there is a great deal more about this subject that is completely open to the public than secret. The necessarily secret areas must of course be kept secret. But today enormous areas that are legitimately open are simply unknown to the public.

This article seeks to diagnose the causes of the present conditions and to suggest means by which they may be corrected. I hope the article will be read widely and thoughtfully, especially by members of the Congress and the press. For in the first instance it is up to the Congress and the press to find ways by which our traditional democratic processes can be made to work in this field as in any other.

I ask unanimous consent that an article entitled "The Atomic Energy Act: Public Administration Without Public Debate," written by Herbert S. Marks and published in the summer 1948 issue of the University of Chicago Law Review, be printed in the RECORD at this point as a part of my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE ATOMIC ENERGY ACT: PUBLIC ADMINISTRATION WITHOUT PUBLIC DEBATE (By Herbert S. Marks¹)

I

In the midst of noise it is difficult to perceive areas of silence. Since the appointment of the Atomic Energy Commission in October 1946, millions of words have been published about the administration of the McMahon Act.² But the very quantity of material has obscured the fact that critical analysis and insight have been negligible. Even more remarkable, the range of issues which has excited any active public debate has been exceedingly limited despite the many intrinsically controversial questions with which the Atomic Energy Act is concerned.

Actions of the Atomic Energy Commission that are the subject of press release are duly reported in the newspapers—but rarely with more penetrating comment or follow-up than that which accompanies the society news.

¹ Member of the District of Columbia and New York bars. Former assistant general counsel, War Production Board; special assistant to the Under Secretary of State; and most recently general counsel, Atomic Energy Commission. The author is deeply indebted to Mr. John G. Palfrey, a member of the legal staff of the Atomic Energy Commission, for his invaluable assistance and suggestions throughout the preparation of this article. The opinions expressed, however, are the personal views of the author.

² 60 Stat. 766, 42 U. S. C. A., sec. 1810 (Supp. 1947). The act became law August 1, 1946. The President appointed the five members of the Commission on October 28, 1946. The properties of the Manhattan Engineer District were formally transferred to the Commission by Executive Order 9816 on December 31, 1946. It was not until April 9, 1947, that the recess appointments of Commissioners were confirmed.

The old argument over military versus civilian control has some continuing vitality; whether or not the secrets of the atomic bomb are being securely kept also gets attention; the patent provisions of the law and their administration are discussed in professional quarters.² The list could be extended but not significantly.

Of late a handful of informed appraisals have appeared concerning such matters as the relationship of the Commission's program to business,³ the Commission's special problems with respect to loyalty investigations, the status of research at Oak Ridge.⁴ What is strange, however, is not so much the infrequency of perceptive commentary: the striking fact is that neither in depth nor scope is the public discussion which prevails for other Government affairs even approximated in the field of atomic energy.⁵

Most recently the congressional controversy over the reappointment of the Commissioners might have been expected to stimulate critical review of the broad field of operations of the Atomic Energy Commission. In fact, however, what has been observed

in these legislative proceedings is little more than a series of election year maneuvers.⁷

The absence of wide debate and criticism concerning the administration of this far-reaching law is a phenomenon unique in the conduct of important public affairs. There are, of course, strong reasons for this peculiar situation. Some, like the requirements of secrecy, will appear obvious; others may appear more subtle. The significance of the unusual present conditions will be clearer, however, if first viewed in the light of the normal attitude toward public affairs.

II

Throughout its history this country has cherished a principle from which we have rarely tolerated departure. We have believed that the chief protection of society against incompetence, unfairness, and corruption in Government is the unlimited opportunity for public scrutiny and protest. We have believed also that this is the chief means of assuring that officials will pursue the course upon which the public is set. Sixty years ago Lord Bryce observed "a healthy and watchful public opinion" as a commonplace of the American political system. "Mischiefs are checked in America more frequently than anywhere else by the fear of exposure or by newspaper criticism in the first stage of a bad scheme."⁸ And in a current opinion the United States Supreme Court quotes Bentham's century-old observation: "Without publicity all other checks are insufficient; in comparison of publicity all other checks are of small account."⁹

In observance of this principle, the physical and social sciences could find their most important common ground. "Science," says a distinguished physicist, "is not a field in which error awaits death and subsequent generations for verdict—the next issue of the journals will take care of it."¹⁰ Perhaps the test of our faith is our firm belief that it is the fatal weakness of communism and all other forms of totalitarianism that they can find no substitute for the self-correcting process of open discussion and criticism which is the democratic tradition.

¹ Under sec. 2 of the Atomic Energy Act of 1946 the terms of the Commissioners first appointed expire on August 1, 1948. The President on April 20, 1948, renominated the five members of the Commission for new terms commencing August 1, 1948, giving to the chairman, Mr. Lillenthal, a 5-year appointment, the longest permitted under the system of staggering prescribed in the act. The Republican leadership in the Congress countered President Truman's move by proposing bills, S. 2589 and H. R. 6402, to extend the terms of the five Commissioners automatically for 2 years from August 1, 1948, thereby giving to the President elected in November 1948 power to appoint an entirely new Commission during the next Presidential term. The ground asserted by the Republican leadership for this action was the necessity for a further period of probation for the over-all evaluation of the atomic energy program and its theory of operation. See S. Rept. 1342, 80th Cong., 2d sess., May 17, 1948; H. Rept. 1973, 80th Cong., 2d sess., May 18, 1948. A minority led by Democratic Senator BRIEN McMAHON filed a report strongly attacking the bills, among other reasons, as a blow to the spirit of political nonpartisanship in which the entire program was conceived and established under the original act.

² Bryce, *The American Commonwealth* (2d ed.), p. 321.

³ *In re Oliver* (68 S. Ct. 499, 506), quoting from 1 Bentham *Rationale of Judicial Evidence* 524 (1827).

⁴ J. Robert Oppenheimer, *Physics in the Contemporary World*, 4 Bulletin of the Atomic Scientists, No. 3, p. 65 at 68 (1948).

We pay a high price to maintain this tradition. Ordinarily, there is no need to encourage criticism of large government enterprise; the danger is rather that it goes too far. The able administrator is harassed and disgusted; the timid administrator is paralyzed; public affairs suffer from endless delays. Yet even in the conduct of the war agencies, whether civilian or military, we have insisted upon this principle. On balance we have always been convinced that the price was not too high. Nevertheless, in the case of the administration of the Atomic Energy Act critical debate has been largely absent.

The lack of critical discussion by no means signifies an inactive atomic-energy program. We know that the Atomic Energy Commission operates a capital investment of \$3,000,000,000; that it spends well in excess of a half-billion dollars annually; that directly or indirectly it employs 60,000 people; that it has important business relations with hundreds of business concerns and educational institutions; and that its regulatory activities affect business, the press, and other private institutions. We profess to know that there is no activity of government more important than the Atomic Energy Commission, by which, presumably, we mean that there is none which now or potentially affects us so vitally.¹¹

Nor is it really possible that the absence of debate and criticism is simply a reflection of the high public respect and confidence which the present Commission and its staff rightly commands. Our theory and practice are such that it is a matter of indifference whether Government officials are able and incorruptible public servants—a David Lillenthal or a General Groves—or suspected machine politicians. We subject both classes to the gantlet.

The public servant, on his part, is rarely aware that the pressures and attacks from which he suffers during all his official life are frequently a source of strength and almost always a source of guidance. It is public pressure which helps weed out incompetent associates when official inertia would retain them. It is an interested, critical public which often supplies the only adequate forum for resolving conflicts between executive agencies, between Congress and the Executive, or between Government agencies and special interests. Above all it is the public reaction to what he does or fails to do which tells the administrator what is expected of him. It is his duty to provide leadership but leadership in the direction of the public's expectations.

But how can the Atomic Energy Commission be responsive to the impulses and expectations of a society which in relation to this subject matter are not expressed, which seemingly are not even felt? The men who compose the Atomic Energy Commission have been conscious of the vacuum in which they operate and have sensed the dangers which it

¹¹ For a general summary of the Commission's work see address of David Lillenthal, *The Business Side of the Atom*, before the Chamber of Commerce of Boston, Mass., March 18, 1948 (Atomic Energy Commission press release). As to regulatory activities of the Commission, the agency has issued regulations governing commerce in the raw materials, uranium and thorium (12 Fed. Reg. 1855, Mar. 20, 1947); regulations governing commerce in facilities for the production of fissionable materials (12 Fed. Reg. 7657, Nov. 18, 1947); and the Commission's security-guidance service is similar in effect to the Government censorship practiced during the war. See Third Semiannual Report of the United States Atomic Energy Commission, S. Doc. 118, 80th Cong., 2d sess., at 27 (1948).

² On March 15, 1948, Senator WHERRY, majority whip, introduced and spoke in favor of a bill to return atomic energy to military control (94 CONGRESSIONAL RECORD 3477 (March 25, 1948)). The most sensational security case during the past year concerned the revelation that prior to the appointment of the Commission, two Army sergeants personally appropriated highly secret documents from the Los Alamos reservation. See statement to the Senate of Senator HICKENLOOPER, chairman of the Joint Committee on Atomic Energy, on July 7, 1947 (93 CONGRESSIONAL RECORD 8494 (July 9, 1947)). On patent matters, see Ooms, *Atomic Energy and United States Patent Policy*, 2 Bulletin of the Atomic Scientists, Nos. 9 and 10, at p. 28, and Nos. 11 and 12, at p. 30 (1946); Miller, *The First Official Report on AEC Patent Problems*, 4 Bulletin of the Atomic Scientists, No. 3, at p. 77 (1948); Newman and Miller, *Patents and Atomic Energy*, 12 Law and Contemporary Problems, 746 (1947); American Bar Association, Section of Patent, Trade-Mark and Copyright Law, committee reports to be presented at annual meeting September 1947, p. 11; First Report of Atomic Energy Commission Patent Advisory Panel, Atomic Energy Commission Press Release No. 56, September 21, 1947.

³ *Atomic Energy—1948*, Business Week, April 10, 1948, p. 47.

⁴ The New York Herald Tribune recently ran an impressive series of articles on the Atomic Energy Commission's loyalty investigations and on general conditions at Oak Ridge, see New York Herald Tribune May 19, p. 1, May 20, p. 5, May 20, p. 22, May 24, 1948, p. 18. On loyalty investigations cf. O'Brien, *Loyalty Tests and Guilt by Association*. (61 Harv. L. Rev. p. 592 at p. 598.)

⁵ Cf. Report of the Chairman of the American Society of Newspaper Editors Standing Committee on Atomic Energy, Editor and Publisher, April 24, 1948, at p. 22. The New York Herald Tribune, the Bulletin of the Atomic Scientists and Business Week show signs of reaching a level of reporting and comment in the field of atomic energy comparable to that which exists in other areas of public affairs; cf. New York Post, May 28, 1948, p. 41: "The Herald Tribune (is) one of a few United States papers which realizes what atomic energy—and atom bombs—mean to the future of the world." As examples of high quality reporting and comment on atomic energy matters see, Editorial, *A Year of Civilian Control of Atomic Energy*, 4 Bulletin of the Atomic Scientists, No. 2 at p. 33 (February 1948) and *Atomic Energy—1948*, supra, note 4.

portends. For many months in their reports and speeches, they have made eloquent pleas to the public to get educated about and take an active interest in atomic energy.¹² Mr. Lillenthal has warned that without such active participation in these fateful matters the substance of democracy is lost.¹³

To these pleas the most common public response appears to be: "What is it that they want us to know? Why don't they tell us? Then we may know what to do."¹⁴ The pleas have somewhat puzzled the public; the public response has somewhat puzzled the Atomic Energy Commission.

Meanwhile the normal interplay of forces between the Government and the governed does not take place. In the field of atomic energy, the process which has always been our main reliance for a healthy direction of national effort is virtually nonexistent.

III

Nor have any adequate substitutes for the usual processes of public criticism been found, although the two that are sometimes referred to as assuring a measure of public accountability, the Congressional Joint Committee on Atomic Energy and the Commission's public advisory committees, are certainly of great value.¹⁵

We know from its reports to the Congress that the joint committee, established by the McMahon Act and composed of nine Members of the Senate and nine Members of the House, is generally interested in all activities of the Commission¹⁶ as required under that law. We may assume, too, that it takes a critical attitude toward these activities and that the Commission benefits from this atti-

¹² For example, addresses of David E. Lillenthal, *Atomic Energy Is Your Business*, before a community public meeting in Crawfordsville, Ind., September 22, 1947; *Democracy and the Atom*, before the American Education Fellowship, Chicago, November 28, 1947; *The People, the Atom, and the Press*, before the New York State Publishers Association in New York, January 19, 1948; *Atomic Energy—Where Do We Stand Today?* before the Radio Executives Club in New York, February 5, 1948; also the address of Sumner Pike, *Imperatives in Atomic Understanding*, before the National Education Association, in Cincinnati, Ohio, February 17, 1948; and addresses of W. W. Waymack, *Education in the Atomic Age*, before the Institute of Higher Education in Nashville, Tenn., July 31, 1947; and *Atomic Energy Implications*, before the Illinois Welfare Association, in Chicago, Ill., November 26, 1947. (Atomic Energy Commission press releases.) See also Third Semiannual Report of the United States Atomic Energy Commission, op. cit. supra, note 10 at 26-28.

¹³ David E. Lillenthal, *Democracy and the Atom*, supra, note 10 at 8.

¹⁴ See, e. g., letter to the editor, *What Do the Scientists Wish Us To Know*, from L. McDonald, New York Herald Tribune, February 23, 1948.

¹⁵ See Lillenthal, *The People, the Atom, and the Press*, op. cit. supra, note 10 at 14-16, and Waymack, *Atomic Energy Implications*, op. cit. supra, note 11 at 10. See also Third Semiannual Report of the U. S. Atomic Energy Commission, op. cit. supra, note 10 at 31-32, 34.

¹⁶ First Report of the Joint Committee on Atomic Energy to the Congress of the United States, H. Rept. 1289, 80th Cong., 2d sess., 1948. The committee was created by section 15 (a) of the Atomic Energy Act of 1946. See also reports on S. 2589 and H. R. 6402, supra note 6.

tude.¹⁷ But there has been even less public discussion and comment about the joint committee and its work than there has been about the Commission. Fortunately, the joint committee includes some of the leading Members of both Houses.¹⁸ But just as we rely upon the self-correcting process of public scrutiny in the case of all agencies of the executive branch, good or bad, so, too, we may be apprehensive of an arm of the Congress, however distinguished its Members, whose activities are not the subject of public debate. As long as this condition lasts, it must not be assumed that the joint committee will provide an adequate device to assure public accountability in any usual sense. The unreviewed action of 18 legislators is not likely to be better than the unreviewed action of 5 administrators. In fact, such a situation could easily lead to an unwholesome domination of executive action by a small group of legislators which would not be tolerated if the public were alert and critical.

The advisory committees, too, are important in establishing connections between the atomic-energy program and the country at large. The General Advisory Committee, created by the McMahon Act, and the numerous other committees set up by the Commission as authorized by that law, bring to bear upon the problems of the atomic-energy program the diverse talents of leaders in many phases of American life.¹⁹ But however

¹⁷ "The very fact of the existence of the Joint Congressional Committee is security against the exercise of arbitrary power by the Commission, while we on the Commission, vested with a kind of quite terrible responsibility find in it a great reassurance." Lillenthal, *The People, the Atom, and the Press*, op. cit. supra, note 11, at 16.

¹⁸ "The present membership of this 18-man permanent committee is an indication of the importance Congress itself assigns to it in charting the difficult policy course ahead. Its chairman is Senator BOURKE B. HICKENLOOPER, of Iowa, a former Governor of that State, a member of the Committee on Foreign Affairs, an experienced administrator as well as legislator. Its vice chairman is Representative W. STERLING COLE, of Ithaca, in this State, who, as you know, is among the most respected and influential Members of the House, with long experience in matters of national security. The committee includes the chairman and the ranking member of the Senate Committee on Foreign Affairs, Senators VANDENBERG and CONNALLY, of Michigan, and Texas; it includes Senator BRIEN MAHON, of Connecticut, who as chairman of the Special Senate Committee on Atomic Energy in the 79th Cong. sponsored the Atomic Energy Act and who follows with keen interest the international situation on atomic-energy control; it includes Senator EUGENE D. MILLIKEN, of Colorado, chairman of the Finance Committee. On the roster of the committee are other men of both chambers, most of whose names and reputations are familiar to you. In all, the committee is unusually broadly representative of the country, both geographically and in its group interests." Lillenthal, *The People, the Atom, and the Press*, op. cit. supra, note 11 at 15.

¹⁹ The list, membership, and functions of the numerous advisory committees are set forth in the Third Semiannual Report of the United States Atomic Energy Commission, op. cit. supra, note 6 at 31-38. The general advisory committee was established by section 2 (b) of the Atomic Energy Act of 1946. The other advisory groups were set up by the Commission pursuant to section 12 (a) (1) of the act.

valuable this form of participation by outsiders may be, it is not a substitute for the kind of public scrutiny to which we have been accustomed. It is, indeed, as different from what we have relied upon in the past as it would be to preserve the principle of jury trial in criminal proceedings but to permit the trials to be conducted in secret without the presence of press or public.

IV

Perhaps the requirements of secrecy are such that there can be no public participation in the problems of atomic energy in any customary sense. As the question is subjected to analysis, however, this answer may appear less clear. At all events while secrecy may seriously inhibit debate, that factor alone hardly accounts for the silence of the interests that are directly affected by the atomic-energy program.

Ordinarily the reaction and response of special groups, favorable or unfavorable, to any particular Government action give rise to and sustain public debate. With limited exceptions, nothing of this sort has happened in the atomic-energy program. In a variety of ways the Commission's program has an important daily effect upon national life. Procurement of raw materials, letting of contracts, construction and operation of plants involving hazardous, new industrial processes and hazardous industrial waste products, administration of regulatory powers—all these activities and many others in this \$3,000,000,000 enterprise are in fact affecting the public at many points.

These Commission actions fall in areas of public sensitivity which, judging by the experience of all other Government agencies, should produce a vocal response from those groups which are disappointed by Commission decisions. Indeed, some decisions of the Commission occur in the most sensitive areas of public concern. The effect which Commission action has upon the press itself is the best example.

Under section 10 of the Atomic Energy Act the Commission is given broad powers to control the dissemination of restricted data. Simply stated, practically all information relating to atomic energy is classed as restricted by the Atomic Energy Act. The Commission is authorized to remove information from this category whenever it concludes that it may be published without impairing the national security. We need not concern ourselves here with the question which is sometimes raised as to whether the law is merely an official secrets act or whether it includes broader censorship powers.²⁰ The press and the publishing industry have apparently accepted the principle that whether or not the act, strictly construed, applies to unofficial as well as official secrets, they will publish nothing in the face of advice by the Commission that publication would be

²⁰ See Newman, *Control of Information Relating to Atomic Energy*, 56 Yale L. J., 769 (1947), and Newman and Miller, *The Control of Atomic Energy*, ch. 10 (1948). These writers take the position that the prohibitions on disclosure in section 10 apply equally to official and unofficial information falling within the broadly defined category "restricted data." While this view may be an accurate statement of the effect which the draftsmen intended, neither the statute nor the legislative history seem sufficiently explicit on the point to avoid a question of statutory construction if the issue is ever tested. In that event, it is to be anticipated that questions of constitutionality would also be raised.

prejudicial to the national security.²¹ In short, for practical purposes, they seem to have accepted in the field of atomic energy an arrangement somewhat similar to the one which existed more generally during the war under the Office of Censorship.

This voluntary restraint on the part of the press and the publishing industry, and their wholehearted cooperation with the Government in maintaining security, are deserving of highest praise. But what is surprising is that there has not even been any open debate concerning the details of administration. How does it happen that the public bickering between press and Government over the scope and details of censorship so frequently observed in connection with the war agencies does not occur here?²² Are we then to conclude that the Commission's "security guidance" has been so satisfactory to the press that there has never been occasion for debate concerning it or public notice of the debate? Considering the diversity and character of the American press, there must be other explanations for the unbroken silence that exists in this area of legitimate discussion.

There are many other areas of activities and many incidents in the atomic-energy program where, despite secrecy, lively concern and comment on the part of the public might be expected but where almost none has occurred. The Commission's decisions with respect to its Clinton laboratories is a good illustration.

In May 1947 the Commission publicly announced that the contractor for the Clinton laboratories at Oak Ridge would be changed because the then contractor was unable to manage the laboratory unless it was transferred to a new location remote from Oak Ridge.²³ It was explained in the release that "the Clinton laboratories constitute a vital part of the atomic-energy program and certain projects at Clinton are among the most important in this field." "After comprehensive review," it was said, "the Commission has concluded that in the light of the over-all research and development program in atomic energy, the work of the Clinton laboratory must continue at Oak Ridge." In September 1947 it was publicly announced that a new contractor had been selected for the Clinton laboratories.²⁴ In addition to naming the new contractor, it was announced that 14 southern universities and a score of industries and industrial representatives would participate in the important research, development, and training programs at the laboratory. Then came a sharp change in direction. On January 1, 1948, the Commission announced a drastic realignment in the Sep-

tember arrangements for the Clinton laboratory.²⁵ Important work conducted at or contemplated for that location would be transferred to Chicago. In addition, the contractual arrangements originally forecast in the September release were to be fundamentally altered and a third contractor was to enter the picture. All these changes were duly reported in the Commission's release.

The three public releases of May, September, and January described major decisions concerning major industrial interests, major university interests, major geographic interests, major alternatives of national policy. It is not at all clear from the face of the three releases that they are consistent with one another. Were any other important Government agency to issue three such announcements about one of its main operations, the press and affected interests would immediately engage in a storm of public discussion. Such discussion would occur if only because the watchful journalist would discern that on their face the three announcements appear to be contradictory. But such discussion would even more certainly occur in the case of other agencies because important decisions and successive changes in them would inevitably disappoint or, at least, disturb some of the special interests affected by them. It seems highly improbable that the Commission, alone among Government agencies, possesses a Solomon-like faculty for always harmonizing and satisfying all affected interests.

The point of this recital is not to suggest that the Commission's actions as reflected in these announcements were wrong. The point is that almost no one among our individualistic, normally critical public was impelled to debate them openly. No one was impelled to debate them, even though on the face of the releases themselves, without going further for information, there was ample material to excite public discussion.²⁶

v

Secrecy is certainly the most important factor in accounting for public inertia in relation to the administration of the Atomic Energy Act. The requirements of security altogether remove from public view certain activities and certain problems of the Atomic Energy Commission. In addition, there is everywhere an air of secrecy which seems impenetrable, even when it is not. The mere mechanics of securing a pass into a commission installation for a routine interview appears formidable, even for the visitor who knows he is entitled to the pass. The areas of information that are shut off for reasons of security inevitably seem to obscure those which are open. No matter how much the questioner may be assured that he can understand what he needs to know without access to what is hidden, he always has a lurking uneasiness that his interpretation of what is in sight will be distorted by what is unknown.

Much of the subject matter—even that which is completely open—is technically complex, and therefore hard to understand. It is not only complex; it is totally unfamiliar. One of the Commissioners has suggested that the subject of atomic energy is

less complex than taxation.²⁷ But when Franklin wrote, "Nothing is more certain than death and taxes," he gave expression to a thought already thousands of years old. The background of ancient familiarity, not to mention suffering, makes it relatively easy to do in the field of taxation what the Commission urges us to do here, that is, distill "out of very complex and superficially bewildering things, relatively simple, quite comprehensible basic issues that the people are capable of understanding."²⁸

There is, moreover, a general frame of mind which inhibits the active curiosity without which scrutiny and debate does not take place. A taboo-like quality attaches to atomic energy, which is perhaps no more than another way of saying that the immense proportions of the new physical force, the seeming magic and real mystery connected with it, its tradition-shaking consequences, and the walls of secrecy and epic drama which surrounded it from the first, make of it a subject from which we instinctively shy away.

Also important in suppressing curiosity is the belief that to ask questions in this field is unpatriotic. We have come to feel that because it is wrong to disclose secret information, it is somehow wrong and possibly illegal for the uninitiated to seek information about the subject. Thus, a Washington taxi driver, on being asked by a fare to go to the Public Health Building (the Commission headquarters), inquires "That's where the Atomic Energy Com . . ." and then exclaims, "Oh, I mustn't mention that."

In addition, large and important sectors of the public and the press seem to have been restrained from any generally critical scrutiny of the administration of the Atomic Energy Act, perhaps unconsciously, by a sense of partisanship. These sectors of press and public joined in the fight to secure enactment of the McMahon bill.²⁹ Hardly had the bill become law before another fight took place over the confirmation of the President's nominees for membership on the Atomic Energy Commission. The same forces, construing the opposition to the President's nominees as a renewal of the original effort to defeat the McMahon bill, again joined to support the President's appointments.³⁰ That the bill was enacted after a notable unanimity in the vote of the Senate committee which sponsored it, and that confirmation was voted by overwhelming majorities, were regarded not as evidence of the weakness of the opposition, but rather of the strength of the forces that were marshaled in support. Ever since, the feeling has persisted that at the first opportunity these original opponents would reassert themselves to destroy the McMahon Act. In these circumstances, the supporters of the Atomic Energy Act and of the President's nominations to the Commission seem to have assumed that any display of critical attitude toward the administration of the law would play into the hands of these opponents.

²⁷ W. W. Waymack, *Atomic Energy Implications*, op. cit., supra, note 11, at 6.

²⁸ Ibid.

²⁹ A summary of these events can be found in Newman and Miller, "The Control of Atomic Energy," chapter 1 (1948).

³⁰ During the opening remarks of the Senate debate on the confirmation of the Commissioners and the General Manager in March 1947, Senator HICKENLOOPER speaking of Mr. Lillenthal described the very significant and widespread "editorial approval of his appointment of leading newspaper editors of both major parties from coast to coast" (93 CONGRESSIONAL RECORD, 2451, March 24, 1947).

²¹ It was—and is—evident that the public communications media of the Nation desire overwhelmingly to avoid harm to the national defense and security through publication of restricted data. There is a heavy continuing demand for security guidance service . . . (Third Semiannual Report of the United States Atomic Energy Commission, supra, note 10 at 27.)

²² Compare the immediate reaction to Secretary Forrestal's recent proposal to establish a voluntary system of censorship in connection with security matters in general. See e. g. *Security Consciousness*, editorial, the Washington Post, page 4B, Mar. 29, 1948.

The first significant criticism on Commission policy in this connection appeared at the end of May. See editorial: "Policy in Secret," New York Herald Tribune, May 28, 1948, at page 22.

²³ Atomic Energy Commission press release "Joint Statement of United States Atomic Energy Commission and Monsanto Chemical Co. at Oak Ridge, Tenn." May 28, 1947.

²⁴ Atomic Energy Commission press release No. 57 "Clinton National Laboratory established at Oak Ridge," Sept. 25, 1947.

²⁵ Atomic Energy Commission press release No. 80, "Atomic Energy Commission Consolidates Reactor Research and Development at Argonne, National Laboratory near Chicago; enters new contract for Clinton National Laboratory at Oak Ridge and adds Chemical Engineering Development at that Laboratory," Jan. 1, 1948.

²⁶ It was not until many months after the release of January 1, 1948, that critical public discussion of the Clinton Laboratories decision began to occur. See, e. g., *Why Morale Sags at Oak Ridge*, New York Herald Tribune, May 24, 1948, p. 18.

There may be other factors at work in preventing the free play of the normal forces of public scrutiny and criticism. Because so many of the barriers are intangible, it is extremely difficult to assess their relative importance. But secrecy, security, complexity, unfamiliarity, self-restraint—whether occasioned by taboos, suppression of curiosity, or partisanship—together compose a formidable array. We may hopefully agree with Mr. Lillenthal that "there is nothing in the nature of atomic energy, nor in the necessary requirements of secrecy in certain areas of knowledge that prevents the people as a whole from exercising their historic role of judging what shall be the course of public policy."³¹ But the people are not now exercising that historic role and it is plain that if they are to do so very special exertions will be required of them.

VI

The fact that the traditionally powerful forces of scrutiny and criticism do not now exist in this field in itself suggests the difficulty in devising a program to create for the Atomic Energy Commission the public environment of other governmental agencies. A beginning has been made in the speeches of the members of the Atomic Energy Commission during past months. The awareness of the problem that they reflect, and the emphasis they have given in many forums to the need for public interest and education should contribute materially to the creation of a climate favorable for public action.

It will also help if we become conscious of misconceptions that have interfered with the normal process of scrutiny and criticism. Active curiosity, far from being improper or illegal, is a normal, lawful public responsibility.³² It has been asserted on behalf of the Commission that "by and large the sources of information on public issues are already open."³³ And it is a fair estimate that the official material so far made available by and about the Commission compares in quantity and content with the official material that is made available about other large Government operations in a comparable period of operations.³⁴ Here and there one

will see the censor's hand in the official material concerning the Commission's activities. But such material is mainly distinguished from the information about other Government agencies in that it has not been illuminated by public reaction.

It takes active curiosity on the part of the press and public to give meaning to official handouts no matter how enlightening the Government tries to make them. The official material of other Government agencies is subjected to searching public analysis and questioning which uncovers and evaluates the reasons behind decisions and the consequences implicit in them. Because of security restrictions an effort to subject the available materials about the Commission to the same treatment would sometimes be frustrating. Surprisingly often, however, the results would be illuminating.

It should be understood that the general public on the one hand and the Commission on the other have different responsibilities in respect to security. It is the duty of the Atomic Energy Commission under the law to see to it that those things are kept secret which in the interest of national security should be kept secret. It is the duty of the public to cooperate with the Commission in this effort, and this the public has been doing with remarkable effectiveness.³⁵ But, as the Commission itself has repeatedly asserted, it is also a public responsibility to find out and to understand those things which need not be kept secret. This can only be accomplished through incessant questioning.

The Atomic Energy Commission is no more omniscient than any other Government Agency in its capacity to determine precisely what information within its vast area of nonsecret knowledge the public needs to know. It is the duty of a democratic public to direct to its Government every question that its curiosity provokes. It is the Atomic Energy Commission which must bear the responsibility of deciding whether an answer to any particular question may prejudice the national security.

Once this relationship is clearly defined, it will be possible for the public to begin to develop insights about the atomic energy program. Such insights can come about only through a constant interchange between the

Government and the people. The questions raised in congressional hearings, in congressional debates, in news stories and editorials, the questions raised by all manner of special interests—these and the Government's answers to them, and the further questions thereby suggested, can produce a broad and endless process, through which understanding will evolve and influence will ultimately exert itself.

This process is especially necessary if the public is to overcome the difficulties growing out of the complexity and unfamiliarity of the subject matter. The Acheson-Lillenthal report and the Baruch proposals on international control of atomic energy were understood clearly enough in the course of the extensive discussion that they provoked. In comparison, the official material which has been published about the Atomic Energy Commission seems less complex. Once the same process of scrutiny, questioning, and discussion which illuminated the proposals on international control is brought to bear upon the available information in the domestic field a comparable measure of understanding can result.

Not only is it essential that there be an active curiosity about the atomic energy program—a curiosity which expresses itself in incessant questioning—there must also be a willingness to criticize. Partisanship that exercises a restraint upon legitimate criticism out of a fear that such criticism will aid the enemies of the McMahon Act defeats its own purposes. The sectors of the press and public which thus refrain from critical comment are the very groups which by virtue of their participation in the fight on the McMahon bill and on confirmation acquired an informed background on atomic energy. In refraining from criticism, these groups have no doubt spared the Commission a considerable amount of annoyance. But they have deprived the administration of the Atomic Energy Act of a much more important source of strength—the strength that comes from constructive exposure of weakness and error and the opportunity thereby created for correction.

In any effort to quicken the forces of public scrutiny and criticism, account must be taken of the attitude of public officials toward these forces, and particularly toward the quest for information which these forces stimulate. The usual but never tolerable condition of a Government official is one of continual harassment by a seemingly specious, unfair, and unsympathetic press and public. That this condition makes officials wary and that it often makes the process of getting information from a public agency difficult is not surprising. The fear of embarrassment which the official or his agency may suffer as a result of disclosing information can be a more important factor in deciding whether or not to answer a question than the public need for an answer.

These considerations are as relevant to atomic energy as to any other subject. The staff of the Commission will be conscious that what they say may be used to discredit them, in ways that are frequently unfair and always painful. The members of the Atomic Energy Commission have urged earnestly and often that the public take a critical interest in their work. It should not be thought, however, that the express recognition by the Commissioners and their staff of the need for scrutiny will make the path of the questioner and potential critic easier than it would be with any other public agency. A party in power may assert that a strong opposition is essential to democracy; but it cannot be expected willingly to supply what might be used as ammunition by its opponents.

In the case of the Atomic Energy Commission, there is, moreover, a special hazard to

³¹ Lillenthal, *Democracy and the Atom*, supra, note 11 at 8.

³² Actually, the criminal sanctions of sec. 10 (b) (3) of the Atomic Energy Act apply to attempts to acquire information involving or incorporating "restricted data" only when the act is done "with intent to injure the United States or with intent to secure an advantage to any foreign nation." It can hardly be imagined that such intent could be read into any normal efforts of press and public to secure information about atomic energy. On the other hand, the provisions relating to disclosure of "restricted data" (sec. 10 (b) (2)) include sanctions when the person has "reason to believe" that the above consequences will ensue.

³³ Lillenthal, *Atomic Energy Is Your Business*, op. cit. supra note 8 at 11.

³⁴ The list includes the following: (a) Commission Reports to Congress: The First Semi-Annual Report of the Commission, 80th Cong., 1st sess., S. Doc. No. 8, Jan. 31, 1947; the Second Semiannual Report of the Commission, 80th Cong., 1st sess., S. Doc. No. 96, July 24, 1947; the Third Semiannual Report of the Commission, supra note 10. (b) Congressional hearings: Independent offices appropriation bill for 1948. Hearings before the Subcommittee of the Committee on Appropriations, U. S. Senate, 80th Cong., 1st sess. on H. R. 3839 (1947); hearings before the Subcommittee of the Committee on Appropriations, House of Representatives, 80th Cong., 2d sess., on the supplemental independent offices appropriation bill for 1949, p. 747, et seq. See also H. Rept. No. 589, p. 8, independent offices appropriation bill for

1948, 80th Cong., 1st sess. (1947); H. Rept. No. 1618, p. 2, first deficiency appropriation bill 1948 (1948); H. Rept. No. 2245, p. 2, supplemental independent offices appropriation bill for 1949 (1948); hearings before the Joint Committee on Atomic Energy on labor relations at Oak Ridge, Tenn., 80th Cong., 2d sess., March 1948. (c) A large number of reports and documents released by the Commission, including 1,700 individual declassified documents made available to the public through the Office of Technical Services of the Department of Commerce; over 75 statements for press and public giving facts of new developments; reprints of public speeches made by members of the Commission; and reports of advisory boards of the Commission; namely, Report of the Medical Board of Review, June 20, 1947, and the Report of the Patent Advisory Panel, Sept. 17, 1947. See Third Semiannual Report of the Commission, supra note 10 at pages 24-28 for a description of such material.

³⁵ Public compliance with the law has been so effective that thus far there has been no real court test of the extremely difficult evidentiary questions that would arise in any public criminal trial for alleged unlawful disclosure of secret information. cf. Haydock, *Some Evidentiary Problems Posed by Atomic Energy Security Requirements*, 61 Harv. L. Rev. 468 (1948); see also Note, *Secret Documents in Criminal Prosecutions*, 47 Col. L. Rev. 1356 (1947).

the process of debate and criticism. The line between what must be secret and what can be open is not a sharp one. When areas of information involving possible embarrassment are probed, the temptation must always be present to draw the line so that embarrassment will be avoided rather than to draw the line only where the reasonable requirements of security dictate. The danger is not that the Atomic Energy Commission or its staff would thus act deliberately. The danger is rather of unconsciously confusing the needs of security with the desire for self-protection from critical comment.²⁰ During the war, journalists developed a sixth sense which enabled the press to tell whether the Government's releases and its response to questions were really as full and frank as security would permit. This experience may ultimately be repeated in the field of atomic energy. But it will not be repeated as long as it continues to be possible to say that "only about a dozen newspaper reporters in the United States are equipped to write about atomic information accurately and with understanding."²¹

VII

The absence of public scrutiny and criticism which the Atomic Energy Commission has so far experienced will not last indefinitely. The deep and powerful forces which have made our public alert and vocal in other public affairs will sooner or later assert themselves in this field. The question is not whether this will happen but when and in what form. If too long delayed, our atomic-energy program will almost certainly grow so far out of touch with the American environment that when the forces of criticism finally begin to operate with their customary vigor they will produce drastic upheavals. Deprived of the continuous, corrective effects of public review, the atomic-energy program will have developed so much that is weak and unsound that the public dissatisfaction which then seeks drastic change will be justified. By then the administration that is thus destroyed may not be worth saving. If this should happen, not only will the continuity essential to the success of the undertaking be destroyed, but the public, without the knowledge gained by prior participation in the problems of atomic energy, will not be in a position to insure the establishment of a sound administration in its place.

Any practical measures that may be proposed now for releasing the normal forces of critical scrutiny and debate will seem modest as compared with the proportions of the problem. What is important is that the process commence. The best hope for constructive change lies in recognition of the fact that once started this process which is so close to our most basic traditions will find its own strength, and its own new channels for growth.

THE CIVIL-RIGHTS PROGRAM

Mr. McCLELLAN. Mr. President, I ask unanimous consent to have printed in the body of the RECORD, following my remarks, an editorial entitled "Wrong Timing," appearing in the Washington

²⁰ The Washington Post recently referred to "past military efforts to cover up mistakes under the guise of security and the tendency of some officers to classify virtually everything controversial as 'top secret'." Op. cit. supra, note 21. It is at least open to question whether it is fair to suggest that the military is any more subject to this temptation than the civilian administrator.

²¹ See report of the chairman of the American Society of Newspaper Editors Standing Committee on Atomic Energy, Editor and Publisher, Apr. 24, 1948 at p. 22.

Post for August 1. Frequently I do not agree with the editorial conclusions of this newspaper; but in this instance I think the conclusions expressed are substantially correct and truly reveal the present situation existing in Congress.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

WRONG TIMING

The chief defect of the President's comprehensive program for control of inflation is that it has come too late to meet the needs of the immediate future. The Washington Post believes that rationing and price controls should have been retained for a much longer period after the war as a means of limiting consumption expenditures and checking price increases. However, there were two very good reasons for the premature scrapping of the OPA control system: (1) Public disaffection and (2) defective administration for which public hostility was in part responsible.

If an effective system of selective price and rationing controls could have been retained until wartime shortage of civilian goods had been made good, and if, concurrently, strenuous efforts had been made to absorb surplus cash created by war financing through retirement of bank-held Federal debt and sale of Government securities to nonbank investors—if these things had been done, then the transition from a controlled to a free price system could have been effected with much less danger of a sudden sharp upward spurt of prices. But the choice has been made: the potential inflation represented by dammed-up purchasing power—a legacy of deficit financing—has been activated, and is raising already inflated prices to even higher levels.

Furthermore, the rise in prices since the last prewar year has been very uneven. Increases have been greatest in foods and certain so-called soft consumer goods, thereby swelling the incomes of farmers and producers of such goods. Wage increases, too, have been uneven; some workers have secured additions to income that have more than offset rising living costs, while many white-collar workers and recipients of annuities and fixed incomes have been left far behind in the race to keep abreast of rising living costs.

The stresses and strains resulting from such fundamental dislocations call for readjustments of price relationships, not for plans to freeze prices at present levels or to roll back prices to some arbitrarily set date recommended by the President. In fact, it is impossible to undo by legislative decree what has already been done, even if the objective appeared to be desirable. For price roll-backs would either force high-cost producers out of business and inaugurate a new era of scarcity or necessitate heavy subsidies at the expense of taxpayers to enable production to go forward.

The sensible alternative is to concentrate on plans to prevent further additions to consumer purchasing power while permitting market forces of demand and supply to correct the distortions of the price structure that have resulted from our inflation splurge. As Marriner Eccles warned when testifying before the Senate Banking Committee, such adjustments are bound to be unpleasant, but it's too late to find a pleasant solution of the inflation problem. The method of dealing with inflation that best meets present needs is an indirect over-all method of control designed to curb inflationary expansion of bank credit by giving Federal Reserve authorities permissive powers to control consumer credit and increase the reserve requirements of member banks.

Such checks are, of course, of limited efficacy, and insofar as the reserve proposals are concerned, a rather crude and inequitable device for checking expansion of bank lending. Nevertheless, the mere possession of such powers, even if they were not exercised, would have a restraining effect on bank-loan expansion. These controls have the further advantage of being orthodox methods of restraint that look toward the future instead of back to the past. Moreover, they strike at the root causes of inflation by attempting to prevent further increases in the amount of money available for the purchase of goods.

If the budget can be kept in balance, and if we succeed in avoiding credit inflation through a combination of limited credit controls and voluntary banker efforts to restrain loan expansion, inflation can be fought to a standstill. But it cannot be done overnight, nor can it be done without a good many painful shifts in price relationships that reimposition of direct price controls would only defer and make more painful in the long run.

LONG-RANGE PROGRAM FOR AMERICAN AGRICULTURE

Mr. BROOKS. Mr. President, it has been my privilege during the Eightieth Congress to serve as chairman of the Agriculture Subcommittee of the Committee on Appropriations. In this connection I handled in the Senate, in both the first and second sessions of the Eightieth Congress, legislation relating to the welfare of the American farmer.

With the endorsement of the Illinois Agriculture Association and other leaders of farm groups, and at my request, Dr. H. C. M. Case, head of the department of agricultural economics, University of Illinois, College of Agriculture, took leave temporarily from the university to come to Washington to act as my chief adviser while handling these important agricultural appropriations.

Subsequently he served as chief adviser to the agricultural legislative committee of the Senate during the hearings on and writing of the long-range program relating to American agriculture.

Dr. Case brought to us his mature judgment which enabled him to make a most valuable contribution to the farmers of Illinois and of the Nation.

Mr. President, I ask unanimous consent to insert in the RECORD an explanation written by Dr. Case of the farm program enacted by the Eightieth Congress.

There being no objection, the explanation was ordered to be printed in the RECORD, as follows:

CASE EXPLAINS EIGHTIETH CONGRESS FARM PROGRAM

(By Dr. H. C. M. Case, head of the Department of Agricultural Economics, University of Illinois College of Agriculture)

The new farm legislation passed in the last hours of the Eightieth Congress is essentially a long-range price-support program. The new act provides for a flexible farm price support program to become effective in 1950. It passed the Senate by a vote of 79 to 3. The House bill had provided for a stopgap measure that would continue until July 1950 most of the price-support measures now in existence.

The bill that was finally passed by both Houses of Congress is a combination of the two bills. It provides that the price support of basic farm commodities—i. e., corn, wheat, cotton, tobacco, rice, and peanuts—will be continued at 90 percent of parity until the

1949 crop is marketed on June 30, 1950. At that time the long-time flexible farm price support program will come into effect for these commodities.

The provision to support the prices of the so-called Steagall commodities at 90 percent of parity was a wartime measure designed to encourage increased production of the commodities deemed to be in greatest demand. When this act was passed, it was not anticipated that it would continue under normal peacetime conditions.

NEED LONG-TERM PROGRAM

The Senate bill assumed that, since the war was over, provision should be made for a desirable long-time price-support program. However, the compromise with the House bill supports milk and its products, hogs, chickens and eggs at 90 percent of parity until December 31, 1949. At the discretion of the Secretary of Agriculture, other Steagall commodities will be supported at 60-90 percent of parity until December 31, 1949.

Under the new act, tobacco will be supported permanently at 90 percent of parity with marketing quotas. The 1949 crop of wool will be supported at 90 percent of parity, but the future support for wool will be 60-90 percent of parity, the objective being to encourage an annual production of 360,000,000 pounds of shorn wool.

In the new legislation, wool is given special consideration in order to stabilize the sheep industry at a level to meet a substantial part of our needs without relying upon the uncertainty of wool imports. At the present time the world demand for wool has forced the price to a high level.

The support for wool will probably not be effective until the world consumption of wool falls much below the present level. At present the domestic production of wool has fallen below 300,000,000 pounds, or to the lowest point in 47 years.

EFFECTIVE IN 1950

The long-time features of the bill, which becomes effective in 1950, provide that when there is a normal supply of any of the 6 basic commodities, corn, wheat, cotton, rice, peanuts, and tobacco, the price will be supported at 75 percent of parity. In addition, as the supply of a product increases by 2 percent, the price support drops 1 percent until it reaches 60 percent of parity when the supply of the product reaches 130 percent of normal production. Also as the supply falls to 70 percent of a normal supply the price support rises to 90 percent of parity.

A thought back of this long-time flexible price-support policy is that, under the schedule provided, farmers will receive a larger total income for a large production than for a small production. This situation is desirable for consumers, who want abundant production, since it encourages farmers to produce a large output of food. Further, a definite floor below which the prices of these commodities will not be permitted to fall will have a stabilizing influence on the market price.

When the price of a farm commodity breaks seriously it is probably due in a measure to farmers' hastening to sell their products before prices sink lower during a downswing in prices. The actual floor under prices at a given level may have the effect of increasing the price at harvesttime in the case of grain by perhaps 10 percent or more when supplies are unusually high.

FARM INCOME VERSUS NATIONAL ECONOMY

Furthermore, the reasoning may be that when prices of farm products sink below 60 percent of parity, as they did in the early thirties, it will disrupt the entire national economy because farmers, as well as others, cease to be normal purchasers of other goods and services. This action leads to heavy un-

employment and reduces the consumers' purchasing power for farm products.

It is to the interest of the Nation not to allow prices of farm products to fall to extremely low levels; in fact, it is essential, in order to maintain our national economy, to prevent net farm income from sinking to low levels.

When the long-range price support goes into effect a new parity price formula also becomes effective. As is true of present parity prices, the new parity price formula is based on the relationship of the prices of all products farmers sell to the prices of the commodities farmers buy. Also, the relationship between the prices of these two groups of commodities in the period of 1909-14 is still used as a base period.

The difference between the old and new parity formulas is simply this: The old formula makes use of the relationship between prices of individual farm commodities in the period of 1909-14. Because of changes in methods of production, improvement in crop yields, and many other factors, that period does not reflect present-day price relationships.

AUTOMATIC FORMULA

The new formula takes into account the relationship of the price of the individual farm product to the average price of all farm products for the 10 immediately preceding years. This procedure keeps the parity prices of individual farm products adjusted to changing price relationships. It is an automatic formula that each year adds the new year and drops the oldest of the 10 preceding years as a basis for determining the parity price of individual farm products.

The change from the old to the new parity formula changes the parity prices for individual farm products. In general, the parity prices of livestock and livestock products are increased, while the parity prices of grain and cotton are reduced slightly. However, the average parity prices for all farm products as a group are the same under the old and new parity formulas.

The act further provides that, when the parity price of a farm product under the old and new formula is more than 5 percent of the old parity price, the adjustment to the new parity price will not exceed 5 percent of the old parity price in any one year.

The price support bill also provides for the support, at prices up to 90 percent of parity, of commodities other than the six basic ones. For this purpose such funds will be used as may be provided to the Secretary of Agriculture. The so-called section 32 funds, which represent 30 percent of our import duties, are made available for farm price-support operations. In 1947-48 these funds amounted to \$135,000,000. At the present time \$75,000,000 of this total are assigned to the school-lunch program, leaving about \$60,000,000 to be used to support various commodities.

SUPPORTS FOR PERISHABLES ALSO

The Commodity Credit Corporation, of course, is permitted to support prices of products within reasonable limits if the products are storable and can be handled without too great a carrying charge. Section 32 funds, however, may be used to help support the price of perishable products. As a matter of fact, they represent a larger amount than has been used in any year except for subsidy payments made during the war years to hold down prices of food products.

Some features of the Senate bill dealing with the reorganization of agencies to handle various services that the Government renders to farmers were eliminated from the bill in the conference between the Senate and the House. It was the intent of the Senate bill to place more responsibility on local farm people for directing the operations of the various agencies through which the Federal

Government deals directly with individual farmers.

However, the price-support legislation which was retained in the bill accepted by both Houses is constructive in affording a transition from the present wartime price program to a sound long-time price-support program. The essential feature of the long-time program is that the support varies inversely with the supply of the product. This provision should give farmers adequate opportunity to adjust their production in line with changes in demand, because the price supports, which will be higher for products in short supply, will stimulate production of those commodities.

THE PRESIDENT'S PROGRAM FOR HOUSING AND ANTI-INFLATION

Mr. BARKLEY. Mr. President, I ask unanimous consent to have printed at this point in the body of the Record copies of telegrams sent by the American Federation of Labor, the CIO, the Railway Labor Executives Association, and the Brotherhood of Railroad Trainmen to various Members of the House of Representatives and the Senate, particularly the chairmen of the two Committees on Banking and Currency, and also to the Senator from Ohio [Mr. TAFT], the Senator from Nebraska [Mr. WHERRY], the Senator from Kentucky, the present speaker, and the Senator from Rhode Island [Mr. McGRATH], in regard to pending proposed legislation dealing with housing and the high cost of living.

All these telegrams were sent on Wednesday, August 4, 1948.

On Wednesday, August 4, newspapers for the first time made it authoritative that the Republicans in Congress intended to substitute very narrow, ineffective, inefficient bills for the bills proposed by the President on, first, housing; and, second, anti-inflation.

All American labor organizations therefore promptly wired that they desired to testify on the subject. This was an effort to prevent the substitution of plausible and specious legislation in place of true and effective legislation.

Although the telegrams went to the chairmen of the appropriate committees of the Senate and House, and to the Republican leaders in both Senate and House, bills are being reported out of committees without giving American labor or any other organizations a chance to be heard.

This is an unprecedented action in congressional history—the rushing of legislation through committees without giving those who request an opportunity to be heard any such opportunity.

The telegrams came from the leaders of organizations whose members and their immediate families constitute at least one-third of the entire population of the United States.

There being no objection, the telegrams were ordered to be printed in the RECORD, as follows:

TELEGRAMS FROM AMERICAN FEDERATION OF LABOR

AUGUST 4, 1948.

To Senator TOBEY:

Press reports indicate that housing legislation is now being considered which would not include such essential features of the Taft-Ellender-Wagner bill as public housing,

slum clearance, and rural housing. We strongly urge that your committee hold fast to all of the provisions of the Taft-Ellender-Wagner bill. If any housing legislation other than S. 866 should be considered by your committee, we respectfully request that we be given an opportunity to state our views on this all-important question.

WILLIAM GREEN,
President, American Federation of Labor.

AUGUST 4, 1948.

To Congressman JESSE WOLCOTT:

Press reports indicate that housing legislation is now being considered which would not include such essential features of the Taft-Ellender-Wagner bill as public housing, slum clearance, and rural housing. This organization is strongly on record as favoring the Taft-Ellender-Wagner bill as it passed the Senate. If your committee should consider any housing legislation which does not include all of the provisions of the Taft-Ellender-Wagner bill, we respectfully request that we be given an opportunity to state our views on this all-important question.

WILLIAM GREEN,
President, American Federation of Labor.

TELEGRAMS FROM LABOR ORGANIZATIONS TO CONGRESSIONAL LEADERS REQUESTING OPPORTUNITY TO TESTIFY BEFORE BILLS ARE REPORTED OUT OF COMMITTEE

1. Telegram from H. W. Fraser, President of Railway Labor Executives Association, to Senators CHARLES W. TOBEY, J. J. SPARKMAN, Congressman JESSE P. WOLCOTT, BRENT SPENCE:

"AUGUST 4, 1948.

"Railway labor regards as imperative the passage of adequate housing and anti-inflation measures before the special session adjourns. I urge you and your associates on behalf of a million and a quarter of railroad workers to press for action on these two basic problems. We must have good laws on both if our economy is to avoid increasing difficulties in the months immediately ahead. Our people desire to be heard on any new housing measure or any anti-inflation measure which the special session may consider. Please address reply to 1412 E. Pikes Avenue, Colorado Springs, Colo. H. W. Fraser, chairman, Railway Labor Executives Association."

2. Telegram from Alexander F. Whitney, president of Brotherhood of Railroad Trainmen, to Senators TAFT, WHERRY, BARKLEY, McGRATH; Congressmen MARTIN, HALLECK, RAYBURN, and McCORMACK:

"AUGUST 4, 1948.

"Due to pyramiding in prices which are forcing a reduction in standards of millions of the common people and a serious housing shortage, it is imperative that adequate laws be enacted to immediately relieve these serious situations and I urge that immediate public hearings be held to permit testimony from well-informed and interested people. I desire to personally testify before the appropriate committees and will greatly appreciate an early reply advising day and hour I may be heard."

"A. F. WHITNEY,
"Brotherhood of Railroad Trainmen."

AUGUST 4, 1948.

Send the following telegram to Senator ROBERT TAFT, Senator of the United States, Washington, D. C., and JOSEPH W. MARTIN, JR., Speaker of the House of Representatives, Washington, D. C. Charge to the CIO, 718 Jackson Place, Northwest:

"When the Congress adjourned in June it left behind an unprecedented record of unfinished business. Bills to meet the needs of the American people were ignored, pigeonholed, or amended beyond recognition. The

special session of Congress called by President Truman gave Congress an opportunity to rewrite its record. Food that cost \$1 in June 1946 now costs \$1.47. Other necessities, like clothing, which cost \$1 in June 1946, now costs \$1.25. The doubling up of many American families, due to the housing shortage, is a crime. With both political parties committed to the passage of civil rights legislation, the effect of Senator VANDENBERG's ruling prevents this issue from coming to a vote.

"The Congress of Industrial Organizations was informed this morning that, due to a decision of the Republican policy committee, the Congress will adjourn Saturday, having heard, outside of Government witnesses, only the representatives of the banking fraternity on the all-important question of inflation.

"The phony filibuster successfully conducted by the southern Democrats is a decided contrast to the prompt squelching by the Republican leadership of the recent filibuster led by Senator LANGER to include a civil-rights program in the recently enacted Selective Service Act. Senator VANDENBERG's ruling, which allowed the filibuster to continue, makes a mockery of the deliberative process and, in view of the arbitrary adjournment date, made it easy for the Republican Party to do nothing effective to control inflation, to do nothing to provide decent homes for the returned veterans, to do nothing to protect and extend the civil rights of all the people.

"Although it would appear that there is no need for long hearings to establish the need for anti-inflation legislation, the meaningless bill now being considered makes it mandatory for organizations representing the public interest to be heard. Senator CAPEHART has publicly stated that the people were not interested in the cost of living. He claimed that there were no requests to testify on the need for legislation to halt the upward inflationary spiral, despite the fact that the CIO and many other groups representing the average American have requested time to be heard on this subject.

"In the interest of the general public, we urge that you as leaders of the Republican Party exercise your influence to hold Congress in session in order to hear the views of President Philip Murray on inflation, Secretary-Treasurer Carey on the civil-rights program, Vice President Riege on the excess-profits tax bill introduced by Congressman DINGELL, and the need for enactment of the Taft-Ellender-Wagner bill by Vice President Reuther. This special session of Congress cannot afford to adjourn without establishing this record on which the American people will vote November 2.

"I would appreciate an early reply so that if Congress is to stay at work and do its job we can inform our membership and arrange for the appearance of our witnesses.

"JAMES B. CAREY,
"Secretary-Treasurer of the CIO."

AUGUST 4, 1948.

Senator CHARLES W. TOBEY,

Chairman, Senate Banking and Currency Committee, Senate Office Building, Washington, D. C.

We were shocked to be informed today that the CIO has been denied an opportunity to testify during the hearings being conducted by your committee on proposed anti-inflation legislation.

The 6,000,000 members of the CIO and their families are suffering daily what may properly be described in the language of the Republican Party presidential candidate as "frightful impositions" caused by the high and rising cost of living resulting from uncontrolled inflation that, if continued, is bound to result in bust and depression. We

believe our testimony would be of interest and value to your committee. In any event, we feel that we should have an opportunity to present it on its merits and under circumstances that will make it possible for the members of your committee to test its validity by questioning.

More shocking than the abrupt closure invoked before opportunity had been given to us or to other organizations to present facts, opinions, problems, and criticisms of pending legislation is the reason stated for breaking off hearings, namely, a decision by the Republican policy committee that, rain or shine, inflation or no inflation, the Congress must adjourn next Saturday night.

Most shocking is the statement that only "Government witnesses" would be heard and the unprecedented classification of private bankers whose banks happen to be members of the Federal Reserve System as "Government witnesses." As we understand it, they are members of the Federal Reserve System purely for regulatory purposes.

The discrimination in favor of the bankers on the one hand, and against other citizens and their organizations on the other hand, is an unfortunate precedent which, we prefer to believe, you personally would not seriously defend.

We urge you to reconsider and to support our request to Senator TAFT and Speaker MARTIN that Congress be kept in session until effective action has been taken on the emergency items of inflation, housing, and civil rights.

We will appreciate a reply at your earliest convenience.

JAMES B. CAREY,
Secretary-Treasurer, CIO.

THE PRESIDENT'S ANTI-INFLATION PROGRAM—STATEMENT BY PRESIDENT TRUMAN

Mr. BARKLEY. Mr. President, I ask unanimous consent to have printed at this point in the RECORD a statement issued today by the President at his press conference.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

To the Congress of the United States:

Pursuant to the Labor-Management Relations Act, 1947, I am reporting to the Congress concerning a labor dispute which recently existed in the bituminous coal industry.

The significant facts concerning this dispute may be summarized as follows:

The dispute involved the administration of a collective-bargaining agreement known as the National Bituminous Coal Wage Agreement of 1947, which was signed by the United Mine Workers of America and certain coal operators and associations. The dispute grew out of the dissatisfaction of the union with the failure of the trustees of the United Mine Workers of America Welfare and Retirement Fund, established by the agreement, to begin the payment of benefits. In accordance with the terms of the agreement the union had appointed Mr. John L. Lewis as trustee of the fund, the operators had appointed Mr. Ezra Van Horn, and these two had selected Mr. Thomas E. Murray as the third trustee. The trustees were unable to agree upon any plan for the amount of benefits to be paid out of the fund or the eligibility of miners for such benefits. Mr. Murray therefore resigned from his office as trustee. The continued failure to begin payment from the fund resulted in a work stoppage.

On March 23, 1948, I signed Executive Order 9939, creating a board of inquiry pur-

suant to section 208 of the Labor Management Relations Act. I requested the board to report to me on or before April 5, 1948. The board held public hearings on March 26, 29, and 30, and filed its first report with me on March 31, 1948. That report advised me fully of the facts of the dispute and indicated that the stoppage had "precipitated a crisis in the industry and in the Nation as a whole." A copy of that report is attached.

I therefore requested the Attorney General, in accordance with the provisions of section 208 of the Labor Management Relations Act, to petition the United States District Court for the District of Columbia for an injunction. An injunction was granted by Justice T. Alan Goldsborough of that court on April 3, 1948. It restrained the union from continuing the strike which the court then found was in existence, ordered the union to instruct all members to return to their employment, and further ordered the union and the operators to bargain collectively.

Following the issuance of the injunction on April 3, 1948, there was a gradual return of miners to work. Compliance with the provisions of that injunction and substantially normal production in the bituminous coal mines was obtained on or about April 26, 1948.

Soon after the issuance of the injunction of April 3, 1948, the Honorable STYLES BRIDGES was selected by the two remaining trustees as the new third trustee under the agreement. Mr. BRIDGES and Mr. Lewis, as trustees, approved a plan for beginning payment of benefits under the fund. Mr. Van Horn withheld his approval and challenged the legality of the action of the majority of the trustees in a proceeding instituted in the District Court of the United States for the District of Columbia. On June 23, 1948, Justice Goldsborough dismissed the complaint filed by Mr. Van Horn and held that the plan of Mr. BRIDGES and Mr. Lewis for beginning payment of benefits under the fund was legal.

As a result of the settlement of the dispute over the fund, the Attorney General, pursuant to section 210 of the Labor Management Relations Act, requested the court to discharge the injunction. The injunction was discharged on June 23, 1948.

The Board of Inquiry was reconvened subsequent to the issuance of the injunction, pursuant to section 209 of the Labor-Management Relations Act, and submitted its final report to me on June 26, 1948. A copy of the report is attached.

It should be noted that this dispute is distinct from that with respect to which I created a board of inquiry on June 19, 1948, by Executive Order 9970, and which made its report to me on June 24, 1948. That board was created because of the imminent expiration of the 1947 contract between the United Mine Workers of America and the bituminous coal operators, and the consequent threat of a stoppage of work. A new contract covering most of the industry was agreed upon by the parties prior to the expiration of the old contract and no injunction was sought. A new contract for the remainder of the industry was subsequently negotiated. Since the report of the second board contains a comprehensive summary of the entire chain of events concerning both disputes, a copy of its report is attached to this message for the convenience of the Congress.

HARRY S. TRUMAN.

THE WHITE HOUSE, August 5, 1948.

CIVIL RIGHTS

Mr. BYRD. Mr. President, I ask unanimous consent to insert in the body of the RECORD an editorial entitled "A Negro

Looks at Civil Rights," which appeared in the Danville (Va.) Register.

I desire to call particular attention to the excerpt this editorial contains from an article written by Mr. Davis Lee, Negro publisher of the Newark (N. J.) Telegram.

I regard this statement as one of the most accurate and clearest presentations I have even seen of the racial controversy. I think it is especially timely and fitting and should be read by every patriotic American who is so deeply interested in the problems confronting our Nation.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

A NEGRO LOOKS AT CIVIL RIGHTS

It is unfortunate that most of the news discussing race relations comes from professional agitators who have, or think they have, something to gain from creating animosity while talking rabidly about discrimination and, in the same voice, good will.

As publisher of a newspaper with a large circulation and a corresponding influence, Davis Lee, Negro publisher of the Telegram, of Newark, N. J., which has some 500,000 Negro readers in the Southern States, grew less willing to accept the preachments of agitators concerning racial relations in the South. He decided to do a bit of investigating personally. Last Sunday he reported to his readers in a comprehensive article on the editorial page. Some excerpts which reflect his objective approach to the problem and provide sound counsel were called to our attention by the Bedford Democrat, which also was impressed by Publisher Lee. Keeping in mind that the comment is that of a distinguished champion of Negro advancement, and that it was printed in New Jersey, the Telegram editorial takes on added significance.

"I have just returned from an extensive tour of the South. In addition to meeting and talking with our agents and distributors who get our newspapers out to the more than 500,000 readers in the South, I met both Negroes and whites in the urban and rural centers.

"Because of these personal observations, studies and contacts, I feel that I can speak with some degree of authority. I am certainly in a better position to voice an opinion than the Negro leader who occupies a suite in downtown New York and bases his opinions on the South from the distorted stories he reads in the Negro press and in the Daily Worker.

"The racial lines in the South are so clearly drawn and defined there can be no confusion. When I am in Virginia or South Carolina I don't wonder if I will be served if I walk into a white restaurant. I know the score. However, I have walked into several right here in New Jersey where we have a civil-rights law, and have been refused service.

"The whites in the South stay with their own and the Negroes do likewise. This one fact has been the economic salvation of the Negro in the South. Atlanta, Ga., compares favorably with Newark in size and population. Negroes there own and control millions of dollars' worth of business. All of the Negro business in New Jersey will not amount to as much as our race has in one city in Georgia. This is also true in South Carolina and Virginia.

"New Jersey today boasts of more civil-rights legislation than any other State in the Union, and State government itself practices more discrimination than Virginia, North Carolina, South Carolina, or Georgia.

New Jersey employs one Negro in the motor vehicle department. All of the States above-mentioned employ plenty.

"No matter what a Negro wants to do, he can do it in the South. In Spartanburg, S. C., Ernest Collins, a young Negro, operates a large funeral home, a taxicab business, a filling station, grocery store, has several busses, runs a large farm and a night club.

"Mr. Collins couldn't do all that in New Jersey or New York. The only bus line operated by Negroes is in the South. The Safe Bus Co. in Winston-Salem, N. C., owns and operates over a hundred. If a Negro in New Jersey or New York had the money and attempted to obtain a franchise to operate a line he would not only be turned down, but he would be lucky if he didn't get a bullet in the back.

"The attitude of the southerners toward our race is a natural psychological reaction and aftermath of the Civil War. Negroes were the properties of these people.

"Certainly you could not expect the South to forget this in 75 or even a hundred and fifty years. That feeling has passed from one generation to another, but it is not one of hatred for the Negro. The South just doesn't believe that the Negro has grown up. No section of the country has made more progress in finding a workable solution to the Negro problem than the South. Naturally southerners are resentful when the North attempts to ram a civil-rights program down their throats.

"The entire race program in America is wrong. Our approach is wrong. We expend all our energies, and spend millions of dollars trying to convince white people that we are as good as they are, that we are an equal. Joe Louis is not looked upon as a Negro but the greatest fighter of all time, loved and admired by whites in South Carolina as much as by those in Michigan. He convinced the world, not by propaganda and agitation, but by demonstration.

"Our fight for recognition, justice, civil rights and equality, should be carried on within the race. Let us demonstrate to the world by our living standards, our conduct, our ability and intelligence that we are the equal of any man, and when we shall have done this the entire world, including the South, will accept us on our terms. Our present program of threats and agitation makes enemies out of our friends."

The findings of Publisher Lee are just what any well-informed southerner, white or colored, has known all along. The only difference is that Publisher Lee has chosen to state plainly facts which agitation distorts, and which any Negro leader of lesser standing could not declare without subjecting himself to vituperation and charges of being "a white man's Negro."

Both white and colored people of the Nation must come to understand, and quickly, that much of the agitation attempting to break up their friendship and cordial relations is inspired by persons at home and abroad who have no interest whatever in seeing southern whites and Negroes march toward a firmer economic base and to higher economic base and to higher standards of living for both races.

THE HIGH COST OF LIVING

Mr. MURRAY. Mr. President, I ask unanimous consent to have printed in the CONGRESSIONAL RECORD a letter just received from a Montana constituent who is typical, I am sure, of thousands of mothers in America. I strongly urge my fellow Members of the Congress to give her letter their careful attention. They will find it, as I have, a most graphic presentation of the overwhelming problems now besetting America's

families. Upon reading it, they will be convinced that so far as our people are concerned, we are truly confronted with a national emergency. They will, I hope, join with me in recognizing that it is our duty to stay on the job until we have passed legislation which will solve the overwhelming problems confronting the mothers of Montana and of the Nation.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

BUTTE, MONT., July 28, 1948.

Senator JAMES E. MURRAY.

DEAR SIR: I just heard Senator TAFT and Representative HALLECK speaking on their attitude toward the problems posed for the special session by President Truman.

Among other statements made by Representative HALLECK was one to the effect that many prices including that of haircuts were going down, and I am wondering how long since he has had one, and at which shop in which State he got it, certainly not in Butte, Mont. They also spoke of all the protection they have given the veterans and their dependents; I would surely like to see some of it. I very well know that my husband, a veteran of World War I, has received none of these despite the fact that due to a service-connected heart condition he has been unable to work at a gainful occupation for over 2 years, for this disability he is rated at 30 percent and allowed compensation at the rate of \$41.40 per month; this completely disregards his dependents which include a wife and eight minor children. He is a man who worked steadily as long as he was able, and would gladly work now were he able, instead he has to stand helplessly by and watch his children be deprived of the necessities of life because the aid to dependent children in the amount of \$130 a month which I receive simply won't provide more than a mere existence at today's high prices. Have you ever tried feeding, clothing, housing, and supplying medical, dental, and optical care on an income per person of \$17 a month? Try it. Then you won't wonder why so many of our youth can't meet the physical requirements of our armed forces.

In the face of conditions such as these, can you with a clear conscience, vote to adjourn this special session without taking action to rectify these conditions?

If you can, my suggestion is that you at least act to supply gas chambers such as the Nazis had to eliminate people such as us, as being far more merciful than a slow death from malnutrition, which is sure to be our fate if inflation is allowed to continue unchecked.

My people have been giving their lives and services in defense of this democracy for over 130 years. I wonder if they could see the state of the common man now, if they wouldn't consider their sacrifices as being just wasted energy.

Hoping that I will have your answer soon, I remain,

Yours truly,

PATRICIA BURNS
(Mrs. Patrick J. Burns).

CLAIMS OF AMERICAN PRISONERS OF WAR AGAINST ENEMY NATIONS

Mr. O'CONOR. Mr. President, a statement in the National AMVET, the official publication of the AMVETS of World War II, for August 1948, pertaining to the question of claims of American prisoners of war against enemy nations, is of particular interest now to a great number of former prisoners of war in Maryland and other States.

It calls attention to the fact which some of us noted with deep regret, that Public Law 896, enacted during the closing days of the second session of the Eightieth Congress, failed to provide administrative or other necessary costs to effectuate the legislation.

Because it points so definitely to the need for action in this respect, I ask that the AMVET statement be placed in the body of the RECORD, as a part of my remarks.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

QUICK SETTLEMENT OF POW'S CLAIMS URGED

WASHINGTON.—Failure of the Federal Government to move promptly in setting up legal machinery to handle the claims of American prisoners of war against enemy nations brought an urgent demand for action from AMVETS this month.

Commander Edward C. Corry appealed personally to Director James E. Webb of the Federal Budget Bureau urging that the liquidated assets of enemy aliens be used to provide the necessary money for meeting these claims.

Corry pointed out that the Government already has upward of \$70,000,000 in such assets available for transfer to the newly authorized War Claims Commission created by Congress for the express purpose of adjudicating the claims of American POW's.

Although the War Claims Commission was established under Public Law 896, as passed by the Eightieth Congress, Commander Corry called Mr. Webb's attention to the fact that no appropriation is included in the law.

Said Corry:

"Inasmuch as we feel this is an urgent problem for those veterans who paid such a high price in suffering for our victory and because they have waited patiently since 1945 for this Commission, it is felt by AMVETS that the Bureau of the Budget should now take whatever steps may be necessary in fulfilling the intent of Congress that an appropriation be made."

The new law applies particularly to the claims of prisoners who suffered cruel and inhuman treatment in violation of the Geneva covenants.

The bulk of such claims, of course, are against the Japanese Government.

DEVELOPMENT OF CIVIL-TRANSPORT AIRCRAFT

The PRESIDENT pro tempore. Morning business is closed. The Chair lays before the Senate the unfinished business, which will be stated.

The CHIEF CLERK. A bill (S. 2644) to provide for the development of civil-transport aircraft adaptable for auxiliary military service, and for other purposes.

HIGH COST OF LIVING

Mr. WILLIAMS. Mr. President, I appeared before the Senate Committee on Banking and Currency and presented to that committee certain facts regarding the destruction of food in America, which is now taking place under the authority of the Department of Agriculture. It has been recognized that one of the major problems facing this country today is the high cost of living. The President of the United States apparently felt that this problem was serious enough to use it as one of the excuses for calling Congress back into session.

I was not at all surprised to hear the President last Tuesday in his message to the joint session of Congress ask for a restoration of price controls and rationing. Soon after assuming my duties in the Senate, it became evident to me that the present New Deal administration had no other method to offer to meet the high cost of living than through the rigid controls of our economy, and it was determined to reinstate them even though our experience under OPA demonstrated that controls in peacetime would retard rather than increase production.

I am not disputing the statement of the President that the cost of living today has reached fantastic heights. Nor am I questioning the wisdom that some action should be taken to remedy the situation. I do differ with the administration, however, on what method should be taken.

Rather than restore price controls, which President Truman once described as "police-state methods," and revive the black markets in this country, I think it would be much more sensible to examine the policies of the New Deal administration over the past 16 years which have contributed to high prices and then make necessary adjustments.

One of the first acts of the New Deal administration 15 years ago was the deliberate devaluation of the American dollar through the abandonment of the gold standard, followed in rapid order by the creation of numerous alphabetical agencies, whose principal functions were the redistribution of wealth along socialistic patterns through the medium of 14 years of deficit financing.

This philosophy became so brazen that the New Deal apostle, Harry Hopkins, coined his memorable phrase, "We will tax and tax, spend and spend, and elect and elect."

One overlooked factor contributing to the high cost of living is the high cost of government, which today requires for its support an average of 31 cents out of every earned dollar.

The New Deal administration has completely ignored the historical fact that continued excessive Government expenditures lead to ruinous inflation. In fact, the President in his message to the Congress still ignored this economic principle when, in one sentence, he urged the Congress to take action on the high cost of living, and at the next moment called for additional Federal spending on a gigantic scale and an enlargement of Government subsidy programs.

The policy of the administration has been not only to continue but in many instances to further enlarge the payment of Government subsidies to farmers as well as to numerous industrial corporations. Actually we are today spending annually hundreds of millions of dollars subsidizing industry during the period of the greatest prosperity our country has ever experienced. Many of these subsidies could have been eliminated or at least drastically reduced during recent years, yet no suggestion is made along these lines. Even today we have on our Senate calendar bills calling for subsidy

payments to the mining industry, the aviation industry, and to many other groups. All these bills have the enthusiastic support of Senators on both sides of the aisle, many of whom are here today criticizing the high cost of Government.

In his message the President endorsed the principle of raising wages in industry, and again claimed this could be done without necessitating increased prices. At the same time, he recommended and urged increased wage levels for Government employees; however, in this instance, as Chief Executive of the greatest corporation in the United States, the Government itself, he admits his inability to perform the miracle and requests Congress to appropriate additional sums, making no effort to absorb the wage increase in the normal income of the Government.

The President points out that production in industry has not reached the expected goals in meeting supply and demand; however, he makes no reference to the fact that it was the New Deal administration which recommended reducing the 44-hour week immediately following the war to prevent at that time the depression predicted by the brain trust.

To further demonstrate the lack of sincerity on the part of the present New Deal administration in taking adequate steps to reduce the cost of living, notably the housewife's food basket, I wish at this time to present some examples of a policy now being used by the New Deal administration deliberately to hold prices up. I refer now to the farm price-support program which the President, if he were sincere, would have requested Congress to revise on a realistic basis.

This program is a byproduct of Henry Wallace's brainstorm under which he advocated plowing under every third row and killing every fourth pig to remove the agricultural surpluses of the country. To show how this program works to keep prices up, I shall cite a few examples.

The first example I cite is that of potatoes.

At the very moment I speak here, agents of the Department of Agriculture are swarming over the potato-producing areas of the Nation, buying from the farmers potatoes at a price averaging \$2.75 per hundredweight. Since the Congress adjourned in June, I have spent considerable time watching this wasteful program function. I would recommend that each Member of the Senate who is interested in the high cost of living visit some of these agricultural areas and see for himself these programs in operation.

I had previously felt that my knowledge of this program was reasonably complete, but I was both amazed and disgusted, as were the farmers themselves, with the policy of our Government in its methods of administering this program.

I saw farmers delivering strictly U. S. No. 1 potatoes to the Government at the delivery centers and receiving in return a price of \$2.75 per hundredweight. The purchases were being conducted by a group of Government buyers on the spot.

At the same location other Government agents were offering for resale these same potatoes to other farmers and in many instances to the same farmers who produced them, for the ridiculously low price of 1 cent per hundredweight. The principal condition to the contract which the farmer signs when purchasing these potatoes for 1 cent per bag is that he will not allow any of them so purchased to be used for human consumption. He is allowed only to feed these strictly No. 1 potatoes to domestic animals.

In plain language, it was perfectly legal under this contract to feed these potatoes to any livestock, whether they be cattle, hogs, or dogs, but under no circumstances could he allow his children to eat them, regardless of the need. I have witnessed the dumping of hundreds of bags of good edible potatoes into the hog lots. This procedure is comparable to that which is being carried out all over the Nation right now while we debate the high cost of living.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. WILLIAMS. I yield.

Mr. LUCAS. Will the Senator name the farmer to whom he has been referring?

Mr. WILLIAMS. No, because I am not criticizing the farmers. I am criticizing the administration. If the Senator from Illinois wants to verify my statement, he can obtain records from the Department of Agriculture, or if he will come to the State of Delaware I shall be glad to take him for a ride in my automobile and show him where it occurred.

Mr. LUCAS. I do not care to take an automobile ride with the Senator from Delaware.

Mr. WILLIAMS. In the Senator's own State of Illinois the same thing is going on.

Mr. LUCAS. I asked the Senator a simple question. He made the statement that he could prove that the Government was buying potatoes from certain farmers and selling them right back to the same farmers, and I asked him to name one farmer, which he refuses to do.

Mr. WILLIAMS. Because I am not criticizing the farmers.

Mr. LUCAS. I am not, either.

Mr. WILLIAMS. I shall read a letter from the Department of Agriculture in connection with the question, because the Senator from Illinois seemed to be in a little doubt—

Mr. LUCAS. I am not in doubt about anything. All I am asking is that the Senator name one farmer. I do not care anything about hearing a letter from the Secretary of Agriculture. The Senator has made a statement, and I think he ought to give me the information requested.

Mr. WILLIAMS. I am not criticizing any farmer. Of the 1948 crop, all of which has been dug since Congress adjourned on June 20, the Government has disposed of 3,410,000 bushels of strictly No. 1 potatoes in the manner in which I have indicated, for which the Government has paid from \$2.75 to \$2.90, for the farmers to dump into the hog lots at one penny a bag.

The Secretary of Agriculture who appeared before the committee yesterday admitted all these things. I am not bringing in the names of the farmers involved, because it is not the farmers' fault.

Mr. LUCAS. Whose fault is it?

Mr. WILLIAMS. It is the fault of the Congress and the President of the United States.

Mr. LUCAS. I am very happy that the Senator has included the Congress of the United States, because the Congress, as the Senator well knows, continued the support program over the protest of the Senator from Vermont [Mr. AIKEN] and other Senators who sought a program at the last session which would take care of the very situation about which the Senator from Delaware is complaining. We discussed the potato question for days, and after the Senate passed a long-range farm program which would have effectively dealt with the question, the Republicans in the House refused to go along with the bill and brought back the same old 90-percent parity guaranty on basic and nonbasic commodities. So the Secretary of Agriculture has a mandate from the Republican Congress to do exactly what he is doing with reference to potatoes.

Mr. WILLIAMS. I am glad the Senator from Illinois has brought that up, and I want at this time to call his attention to the fact that I voted against this unsound program while the Senator from Illinois voted for it, as did every Democrat except one on the other side of the aisle.

Mr. LUCAS. The Senator does not know what he is talking about with respect to the farm program I am discussing.

Mr. WILLIAMS. The President of the United States criticized the bill by saying it was not liberal enough to the farmers.

Mr. LUCAS. I am not speaking of what the President of the United States did; I am talking about what Congress did.

Mr. WILLIAMS. And I am talking about what the Senator from Illinois did.

Mr. LUCAS. I am talking about what the Senator from Vermont [Mr. AIKEN] who was the leader of a long-range farm program containing flexible parity provisions, proposed, which would have taken care of the very situation to which the Senator is now referring. He could not get it through because the House of Representatives, led by the distinguished Representative from Kansas [Mr. HOPE], chairman of the House Agriculture Committee, would not let the bill pass. The House sent this bill back with the same old support program. Now the Senator from Delaware criticizes the Agriculture Department for the potato situation, when all that it is doing is acting under a mandate of this Congress, and nothing else.

Mr. WILLIAMS. Does the Senator from Illinois think that if the Secretary of Agriculture had not been acting under a mandate of the Congress his actions would have been different?

Mr. LUCAS. Of course. If the Congress had given him flexible authority to deal with the potato situation and with the citrus-fruit situation, with raisins, chickens, eggs, and every other basic and nonbasic commodity, of course, the situation would have been different from what it is at the present time. If there is any responsibility in connection with the potato question or with respect to any other nonbasic commodities, and the Government has to go into the taxpayers' pockets to pay a subsidy, the responsibility rests with the Republican-controlled Congress, because it had an opportunity to correct the situation. The Committee on Agriculture, headed by the distinguished Senator from Vermont after investigations throughout the country, brought back a program which was adopted in the last days of the session, because of the courage of the Senator from Vermont. He had difficulty in getting the policy committee to accept the bill, but it was finally overwhelmingly passed by the Senate. The House refused to go along with it, and so the identical support program was brought back. We agreed to continue the bill providing 90 percent of parity on basic and nonbasic commodities for 1 year, and that is why the potato situation is as it is today. That is the only reason.

I challenge the Senator to show where the Secretary of Agriculture is exceeding his authority under the mandates laid down by the Congress of the United States.

Mr. WILLIAMS. Mr. President, I ask the Senator from Illinois to remain in the Chamber for a few minutes, because I am going to discuss a part of this program over which the Congress did not give the Secretary of Agriculture a mandate and under which food is being removed from the American markets.

Mr. LUCAS. I shall be glad to remain.

Mr. WILLIAMS. I emphasize that I stood on the floor of the Senate at the time the agricultural program was up for discussion and denounced it as economically unsound. I voted against it. I live in an agricultural county which ranks third in agricultural production east of the Rocky Mountains, and rates ahead of any county in Illinois. The Senator from Illinois and every Democrat on the other side of the aisle voted for the program, with the exception of one, so there is no use criticizing the Eightieth Congress or the Republican Party. There is nothing in the law instructing the Secretary of Agriculture to destroy food. I said at the time that the program was unsound, and I repeat, it is still unsound, but it is absurd for the President to ask for price controls when at the same time the Government is supporting those prices at artificially high levels. It cannot be done.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. WILLIAMS. I yield for a question.

Mr. LUCAS. Rather an observation. I am not going to debate the issue the Senator is discussing. The only thing I am trying to get straight in the minds of the people is the potato question. As

I understood the Senator, he was attempting to lay the responsibility and assess the blame upon the Department of Agriculture for what was going on in the disposition of surplus potatoes. My only point is that whatever goes on with respect to potatoes, the Secretary of Agriculture is following the mandate laid down by the Eightieth Congress in the last session. That is the point I wish to make, and that is the point the American people ought to have made clear. Instead of blaming the Department of Agriculture, the Senator should lay all the responsibility on the Congress of the United States where it legitimately belongs, and not upon the executive branch of the Government which is compelled under the Constitution to execute faithfully the laws the legislative branch enacts.

Mr. WILLIAMS. I still say, Mr. President, and without excusing the actions of the Congress at all, either my party or the other, that the major part of the responsibility for this program does lie with the Secretary of Agriculture. There is nothing in the law anywhere which says that the Secretary of Agriculture shall destroy these potatoes, or sell them for the prices being received. We are now operating the European recovery program, under which we are feeding Europe, and why are not any of these potatoes shipped to Europe?

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. WILLIAMS. I yield.

Mr. LUCAS. The Senator knows that many of the potatoes are not the kind that can be shipped. There is a potato raised in Alabama, many of which were destroyed last year, about which a great fuss was made all over the country, a peculiar potato that had to be shipped in a refrigerator car and be in New York within 3 days after it was dumped on the ground. But the growers could not get refrigerator cars, and the potatoes had to be destroyed. It is necessary in most cases to dehydrate them in order to send them to Europe, and that is not being done.

Mr. WILLIAMS. I do not think the Senator from Illinois can tell me much about potatoes. I handled potatoes for 25 years before I came to the Senate. The potatoes in Virginia, North Carolina, Maryland, and Delaware cannot be exported satisfactorily, it is true. But those potatoes can be stored in warehouses in the United States, and they will keep until the middle of winter, and will still be good enough to eat. I have eaten such potatoes.

The potatoes the Government buys, which are produced in New Jersey, Pennsylvania, or anywhere in the northern section, are good for export, but they were not exported. For instance, during the period when the Luckman committee was in control, which was advocating the conservation of food in America, over 1,000 cars of good northern potatoes which could have been exported, were given to the alcohol companies free of charge, and as if that were not attractive enough, the Government paid out

additional money to get them to take them off their hands.

Potatoes were exported last year to the Argentine, to Buenos Aires, which is twice the distance potatoes would go if they were shipped to Europe. I know potatoes can be exported, and the Senator from Illinois need not tell me they cannot. They have been exported by the Department of Agriculture, to South American countries, during the winter months, good potatoes, that could have gone to Europe, and the interesting point is that they were sold for shipment to people in South America at prices lower than those the Department of Agriculture was allowing the American housewife to pay for them.

Mr. LUCAS. That is a very interesting observation, but what I am saying, in substance, is that in spite of the criticisms the Senator is making against the Department of Agriculture if potatoes were sent abroad and were rotting, for example, on the docks at Southampton, the information would be sent all over this country, and the Senator from Delaware would be the first to rise and criticize the Department of Agriculture in case they lost some carload lots.

Mr. WILLIAMS. Well, why should they rot on the docks? Let the people eat them. Potatoes are now being rationed in Europe. The potatoes I am referring to could have been shipped to Europe. There is no one in the Department of Agriculture who can convince me otherwise. If they can go to South America, they can go to Europe, and I know they can be exported. Any man who has ever handled potatoes will agree with that. I do not refer to the southern potatoes, but the southern potatoes now being destroyed could be held in warehouses and the American people could use them while the northern potatoes could be exported. This would have eliminated the necessity of scraping the bottom of the American grain bins.

Mr. LUCAS. As I understand, the Senator is absolutely opposed to any kind of a support program.

Mr. WILLIAMS. No; I believe in a support program, but not one which supports any agricultural commodity or any industry—at artificially high levels, especially during a period of our greatest prosperity.

Mr. LUCAS. Did the Senator vote against the Aiken bill?

Mr. WILLIAMS. Yes, and the Senator from Illinois voted for it.

Mr. LUCAS. That is typical of the political philosophy of most of the eastern Republicans.

Mr. WILLIAMS. That is all right; I am still condemning it, and the Senator from Illinois is upholding it. The same program can be carried out under the Aiken bill.

Mr. AIKEN. Mr. President, will the Senator from Delaware yield?

Mr. WILLIAMS. I yield.

Mr. AIKEN. In order to keep the subject out of politics, I should like to say that Governor Dewey has publicly announced that a long-range farm bill

should be the cornerstone of a good farm program.

Mr. WILLIAMS. I said at the time the bill was under discussion, as will be found if Senators will read the *RECORD*, and I repeat now, that I believe we should have a sound agricultural program. I have been as close to agriculture as has any other Senator, but I do not think any agricultural program which guarantees a margin of profit is economically sound. An agricultural program is supposed to keep the farmers from going bankrupt in hard times, or tide them over an emergency. It is not supposed to guarantee them a profit, and \$2.75 or \$2.90 a bag is a big price for potatoes. Farmers can make a great deal of money growing them at that price if they have a reasonable yield. Any potato grower will verify that. Do not forget that the American housewife is caught in the middle of this program.

Mr. LUCAS. Mr. President, will the Senator yield further?

Mr. WILLIAMS. I yield.

Mr. LUCAS. Was the Senator from Delaware present yesterday when Mr. Brannan, the Secretary of Agriculture, testified?

Mr. WILLIAMS. I was present, yes.

Mr. LUCAS. Did the Senator hear him say he was unalterably opposed to the subsidy program upon potatoes, but was carrying out the mandate of the Congress of the United States?

Mr. WILLIAMS. I heard him say that it should be revised, but he failed to tell what his program was. I asked him if he would join with me in saying that the program should be repealed or revised, and I am still waiting for his answer.

Mr. LUCAS. Of course he does. He could not be against subsidies on potatoes without desiring a change in the law.

Mr. WILLIAMS. Yes.

Mr. LUCAS. The point I am making is that the Senator cannot put the blame on the Secretary of Agriculture.

Mr. WILLIAMS. The Secretary of Agriculture does not have to destroy these potatoes under any law. I have said before, and I repeat again, there is no justifiable reason for the destruction of good food in America.

Mr. HATCH. Mr. President, will the Senator yield to me?

Mr. WILLIAMS. I yield.

Mr. HATCH. I was interested in the remark made by the Senator from Vermont about the endorsement given by Governor Dewey to the farm program. As I understood him, he said Governor Dewey favored a long-range agricultural program. Does that mean that the Governor has specifically endorsed the Aiken bill?

Mr. AIKEN. I think it means that.

Mr. HATCH. He did not refer to it by name, but merely said he favored a long-range program.

Mr. AIKEN. Yes, he referred to the specific price support and the bill which was approved by this Congress.

Mr. WILLIAMS. To continue what I said before; when these potatoes are sold to the farmers it is perfectly legal under the contract of sale to the farmers to

feed the potatoes to any livestock, whether they be cattle, hogs, or dogs, but under no circumstances could he allow his children to eat them, regardless of the need. In recent weeks I have witnessed the dumping of hundreds of bags of edible potatoes in the hog lots. The procedure is comparable to that which is being carried out all over the Nation right now while we debate the high cost of living.

Out of this year's potato crop alone the Government has disposed of 3,410,000 bushels of strictly No. 1 potatoes in the manner I have just described. This is not the whole story. In addition, the Government has purchased over 5,000,000 bushels of potatoes which have been diverted to the distillers of this country, for which the Government has actually paid out money to get the distillers to take them off its hands.

The loss to the Government to date on the 1948 white-potato crop alone is approximately \$16,000,000, the bulk of which has been sustained since Congress adjourned June 19, 1948. It is ironical to read in the Government reports that large quantities of potatoes were being dumped into alcohol plants in Philadelphia at the very moment when, on the other side of the city of Philadelphia, the Democratic Party was adopting a platform endorsing this unsound program, and at the same time loudly proclaiming its sympathy to the American housewife, who is obliged as a result to pay continued high prices for potatoes. While the Democratic Convention was in progress in the city of Philadelphia, on the other side of the city the distilleries were actually dumping over 100 cars of good potatoes, and the Government paid out approximately \$10,000 to get the distillers to take those potatoes off their hands.

ANOTHER FOOD ITEM

Our Government has spent in recent months \$32,000,000 to make certain that the eggs purchased by the housewife will not drop in price. The eggs purchased under this program have been disposed of principally in foreign-occupied areas and at a loss of over \$24,000,000. This loss in itself is not so much as the effect such operations have on the cost of a purchase at the grocery store by the housewife.

I hope the Senator from Illinois will not leave the Chamber just now. We are reaching a particularly interesting point.

Mr. LUCAS. If the Senator from Delaware has any question he wishes to direct to the Senator from Illinois, I shall be glad to answer.

Mr. WILLIAMS. It so happens that the part of the program I am discussing now is not mandatory on the Department of Agriculture. It is not written into law. For instance, I shall now call attention to the fact that early this year when the market price for prunes began to decline the Government began purchases. There is nothing in the law which says the Secretary of Agriculture must support the price of prunes.

Mr. LUCAS. Well, the Senator from Delaware just does not know the law.

Mr. WILLIAMS. The Secretary of Agriculture himself confirmed this fact that while he has the power to do it if he wishes, it is not mandatory.

Mr. LUCAS. The Senator from Delaware will recall what we wrote into the ERP legislation with respect to prunes, raisins, and other California fruits.

Mr. WILLIAMS. Yes, but that does not make the support of such fruits mandatory.

Mr. LUCAS. The Senator from Delaware knows that Congress wrote into the ERP legislation provisions with respect to California fruits and commodities, as applied to that program.

Mr. WILLIAMS. Where is the language with respect to prunes mandatory?

Mr. LUCAS. The Senator from California is on the floor. He offered an amendment, which I understand the Senator from Delaware supported, giving the citrus growers and prune and raisin growers of California the right to dispose of their surplus crops under the ERP program in order that the needy European people might get them. I believe the Senator from Delaware supported that amendment.

Mr. WILLIAMS. The Senator from Illinois is just a little off base. I appeared before the committee, as I believe the present occupant of the chair, the President pro tempore, will confirm, and protested against that amendment, as I thought it was unsound. I voted against the amendment on the floor of the Senate. As I remember the Senator from Illinois voted for it.

Mr. LUCAS. I certainly did. I thought it was a very good thing.

Mr. WILLIAMS. I know the Senator from Illinois thought it was a very good thing. But to show how it is working out, I will say that immediately the Government entered the market and purchased over 140,000,000 pounds of prunes under that provision of the law, at a cost of \$15,000,000. These in turn were diverted for foreign consumption in foreign occupied areas at a loss of over \$9,000,000 to the American taxpayer. They were sold with the proviso that under no circumstances should they be offered for resale in the continental United States, while at the same time, and as a consequence, the retail price of prunes to the American housewife immediately started to rise.

Mr. LUCAS. The Senator from Delaware should not be talking to me. He should be talking to the Senator from California, who knows all about this matter.

Mr. WILLIAMS. I thought the Senator from Illinois was interested, because he defends this program and supported the amendment.

Mr. LUCAS. No, Mr. President; the Senator from Delaware is mistaken. I did not offer an amendment respecting prunes. I am trying to take care of the corn, wheat, soybean, and hog producers in Illinois.

Mr. WILLIAMS. I will come to them in a moment, and show what is being done with respect to them.

Mr. LUCAS. Well, the farmers in my part of the country are doing pretty well. I do not know how they are doing in Delaware under the able leadership of the Senator from Delaware.

Mr. WILLIAMS. Well, I agree with you the farmers in Illinois are doing all right under this program, but how about the housewives in Chicago? The farmers in both States do better when managing their own affairs.

Mr. LUCAS. If so, they are doing very, very well.

Mr. WILLIAMS. I repeat, it will be better for everyone in the country when the Government takes itself out of this situation, and the producers are permitted to manage their own affairs.

Mr. LUCAS. Yes; let them go back to a condition such as we had in 1932, when they turned the black acres loose and managed their own affairs.

Mr. WILLIAMS. I say that if a great many of the Government regulations are dispensed with the farmers will produce the food the country needs. I call your attention to another food product.

In the early part of this year the market on dried raisins indicated weakness, and again the Government entered this market—which is something the Senator from Illinois said he agreed with and approves—and purchased 170,000,000 pounds of dried raisins—again disposed of them with the understanding that they could not be resold in the continental United States. No, Mr. President, the American housewife cannot be permitted to buy them. The raisins are here and could be made available to her at a reasonable price; but, no, she cannot buy them. The Government purchased 170,000,000 pounds of dried raisins at an approximate cost of \$16,000,000 and diverted them from the normal trade channels, sustaining a loss in this instance of over \$7,000,000. Immediately the retail price for dried raisins started to rise. We deduct a little additional from the American housewife's husband's pay envelope to pay for this loss so as to hold up the price.

Mr. LUCAS. What would the Senator from Delaware have done with the surplus prunes and raisins in California?

Mr. WILLIAMS. I would have let the American people buy them.

Mr. LUCAS. Suppose no one had bought them, then what would the Senator have done?

Mr. WILLIAMS. If we have reached the state where no one would buy these food products at a reasonable price, then I would say that the Senator from Illinois, and the President of the United States, have wasted a lot of time talking about the high cost of living.

Mr. LUCAS. How about the Senator from California [Mr. Knowland], who offered the amendment? He was interested in the matter of whether the producers in California were going to lose money on these crops.

Mr. WILLIAMS. The Senator from Illinois can ask the Senator from California and secure a reply from him. I will say that the proposal was a rather interesting one to me. Everyone seems to be concerned about the farmer around election time.

Mr. LUCAS. Everyone but the Senator from Delaware. He apparently is not concerned about the farmer.

Mr. WILLIAMS. Yes, the Senator from Delaware is concerned about the farmer, because if this kind of practice is continued we will have no agricultural program. Do not overlook the fact that the citrus products were bought from the dealers. The farmers had previously sold these products to the dealers. The harvest season was past. It was merely a matter of bailing out a bunch of dealers, using the farmers as an excuse. I have a list showing every single dealer from which the products were bought, and the prices paid to them.

Mr. LUCAS. The farmers have done pretty well under the so-called New Deal program.

Mr. WILLIAMS. If they can be made to forget how much of the huge national debt has been charged up against each one of them, yes.

Mr. LUCAS. The farmer has been pretty well satisfied.

Mr. WILLIAMS. This November will tell us how well satisfied they are. The farmers were not satisfied 2 years ago.

Mr. LUCAS. He was not satisfied 2 years ago with the OPA because of what Republicans promised if it were abolished.

Mr. WILLIAMS. Perhaps you will find out how well satisfied the farmer is after November 2.

Mr. LUCAS. The Senator from Delaware knows, and I know, that the farmer has more money in the bank now, is more prosperous, and his living conditions are much better than ever before. There is more rural electricity available to him, he has more refrigerators, washing machines, telephones, and more of the good things of life than he ever had in the history of America, and that improvement has come about under a Democratic administration.

Mr. WILLIAMS. I agree with what the Senator has said respecting the improvement in the farmers' situation, but do not forget that these improvements are charged up against him in our national debt. That is another reason I say there is no justification for a subsidy at this time either to the farmer, industry, or any other group.

Mr. LUCAS. Ah, but what would the farmers' condition be had it not been for the program laid down by the Democratic administration back in 1933, when farmers all over the country, even in Delaware, were bankrupt; when a judge in Iowa was taken off the bench and threatened with hanging because he signed decrees of foreclosure? Had it not been for the imagination and courage shown by the Democratic administration, which entered upon a legislative program in 1933, for the improvement of the condition of the people of the country, the farmer never would have pulled out. Under the Republican theory just now being advocated by the Senator from Delaware he would have been unable to get out from under. Apparently the Senator from Delaware wants the farmers to go back to the condition in which they were in 1931, 1932, and 1933 when we had the

worst depression in the history of the country.

Mr. WILLIAMS. When the Senator refers to 1932, all he can think of is "depression." It is no more correct to charge that depression, which was world-wide, against the Republican Party than it would be now to charge World War II against the Democratic Party just because they happened to be in power.

Mr. LUCAS. I am sure that is what the Senator would like; to go on back to the 1932 depression, because every political view he represents on the floor of the Senate demonstrates his reactionary viewpoint upon government. He would like to go back. But I want to remind the Senator that nothing is static in this world, and that things move on regardless of the Senator from Delaware and myself. The country cannot stand still. It cannot go back. We must move forward.

Mr. WILLIAMS. I agree with you, things do change. That is the reason the Republicans are coming back into power.

Mr. LUCAS. We will wait and see about that.

Mr. WILLIAMS. Mr. President, I will describe their operations in another commodity—the market price for grapefruit juice began to decline from the wartime price level. Again the Government rushed into the market and purchased 1,500,000 gallons at a cost of \$2.25 per gallon and immediately offered it for resale to be distributed outside this country at slightly less than 40 cents per gallon, sustaining a loss of \$3,000,000, and pushing the retail price of this product to higher levels.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. WILLIAMS. I should like to finish this statement.

Mr. LUCAS. The Senator called me back. I was ready to leave, and he called me over here.

Mr. WILLIAMS. I am glad the Senator is over here. I should like to finish this statement.

On the transaction to which I have referred the Government lost \$3,000,000, and the price of grapefruit juice began to rise.

I now yield to the Senator from Illinois and ask, Does he believe that the program I am describing should continue? It is not mandatory upon the Secretary of Agriculture to continue it. Does the Senator believe that he should do so?

Mr. LUCAS. Let me ask the Senator, if he had been a citrus grower, if he would have taken any money for grapefruit juice under those circumstances?

Mr. WILLIAMS. If I had been a citrus grower, I would have sold it, just as the citrus growers did. I am not criticizing the producers, as I stated in the beginning. I criticize the policy of the administration; and I point out to the Senator from Illinois—which he can check if he wishes—that the farmers have very little chance under the potato program, and many other programs, other than to sell to the Government, because all the private buyers who used to handle those products have been forced out of busi-

ness. On the eastern shore of Virginia today, where 10,000 to 12,000 cars of potatoes are moved, we find very few private buyers left, because they cannot stay in business. No private buyer can operate in competition with the Government, which is handling the taxpayers' money, and does not care how it handles it. The farmers are forced to go into this program.

Mr. LUCAS. I thank the Senator for yielding to me.

Mr. WILLIAMS. The Government decided that the retail price for honey was not high enough, so it purchased 11,800,000 pounds at an approximate cost of \$1,500,000 and shipped it outside this country. A loss of approximately \$1,000,000 resulted, and the American housewife was forced to pay a higher price.

On June 30, 1946, the ceiling price on wheat was \$1.74 a bushel. At the present time the Department of Agriculture has buyers in the Midwest supporting the market for wheat at an average of \$2 a bushel. The Secretary of Agriculture has advised the farmers to store their wheat in the warehouses and to withhold it from the markets until such time as arrangements can be made with the Government buyers at the support prices.

The American housewife cannot expect the price of bread to decline so long as the Government insists upon maintaining the price of wheat at the present level.

The same statement made in reference to wheat applies with equal force in the corn market. In this instance the Government has announced a parity price at \$1.59 per bushel, which is 17 cents per bushel higher than the maximum ceiling price prevailing during the war.

With the Government pledged to support the price of corn at these high levels, the American housewife cannot expect to buy cheaper pork and beef.

The Government has announced that it will support the wool market around 43 cents a pound. The 43-cent price is about 30 percent higher than the average price for which this commodity sold in the preceding 10 years. So long as this program remains in effect, you cannot expect cheaper woolen products.

Cotton is an essential product for every American home. In the preceding 10 years, including the war years, the average price which the American farmer received for cotton was 18 cents per pound. Today the Government is supporting the cotton market at approximately 28 cents per pound, or an increase over the preceding 10-year price of 50 percent.

How can the American housewife entertain any hope that under the administration's program she will be able to buy cheaper clothing? I wish someone in the administration or someone on the other side of the aisle would explain to me how it is mathematically possible to roll back prices to a level as recommended by the President, not to exceed 20 percent over the June 30, 1946, price, and at the same time continue a program under the Department of Agriculture whereby the administration itself supports the markets at levels greatly exceeding those figures. The administration has resisted

every effort on the part of Congress or anyone else to modify this program.

After the ceiling price was removed on sugar, under a free market the price began to adjust itself at a reasonable level, and the market conditions indicated that the retail price would gradually become stabilized at a normal level.

The import quota was fixed on January 2, 1948, at 7,800,000 short tons, but as soon as the markets began to indicate weakness this import quota was reduced by the Department of Agriculture on February 26, 1948, in the amount of 300,000 tons. In the bulletin announcing that reduction in the import quota the Department pointed out that sugar prices in the United States had declined to a level below those prevailing while ceiling prices were in effect; therefore the import quota was being reduced to strengthen the market. They wanted to be sure that the market would not go down.

On May 26, 1948, a further reduction of 500,000 tons in the import quota was made by the Secretary of Agriculture and again the same reasons were given; namely, to check a declining market. Obviously the administration was determined that the sugar prices should remain high.

In every instance the Department's action of reducing the quota was followed by increased sugar prices, which completely contradicts the statement of the administration that it is concerned with the high price which the housewife pays for her sugar.

I have been advised that the Department of Agriculture has belatedly recognized that perhaps it has overdone this cutting back and either has recently or expects to in the very near future revise this quota upward.

I was advised yesterday that a third change has been made, as of July 26, and that the quota has now been revised upward.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. WILLIAMS. I yield.

Mr. LUCAS. Has the Senator discussed eggs and poultry?

Mr. WILLIAMS. I am coming to eggs and poultry.

Mr. LUCAS. The Senator from Delaware, I understand, is very much interested in those commodities.

Mr. WILLIAMS. I shall reach it shortly.

Mr. LUCAS. I should like to hear what the Senator has to say on that subject, because eggs and poultry have been treated in similar fashion with potatoes.

Mr. WILLIAMS. I invite the attention of the Senator from Illinois to something which he perhaps does not know. So far as I know, not a single farmer in the State of Delaware has ever been subsidized in connection with poultry.

Mr. LUCAS. Let the Senator go ahead and talk about eggs and poultry.

Mr. WILLIAMS. First I ask, Can the Senator from Illinois say the same thing about his constituents?

Mr. LUCAS. The Senator is in that business, and he knows all about it.

Mr. WILLIAMS. Yes, I am proud to say that our farmers have been doing all right without the support of the Government.

MEAT

The Government is supporting the price of pigs, beef, cattle, veal, sheep, chickens, and turkeys all at prices higher than the ceiling prices which prevailed during the war. To further aggravate the situation, the administration has recently announced a program for stock piling meats for future Government use and is launching its purchases for this stock piling during the current summer months, at a time when prices are extremely high, and during the months of lowest normal production.

Evidently the administration is determined to prove its statement that the American housewife will not be able to get meats.

I now yield to the Senator if he wishes to make comment. I should like to know how his farmers in Illinois are doing.

Mr. LUCAS. The Senator does not need to ask me about my farmers in Illinois. He is making the address. All I am trying to do is to elicit some information about poultry and eggs. The Senator is an expert on that question. I know that the Government has subsidized the poultry dealers of the country under the 90-percent guaranty of parity in connection with nonbasic commodities. I was wondering whether or not the Senator had benefited as a result of that provision of the law.

Mr. WILLIAMS. The Senator from Delaware has not benefited a single penny.

Mr. LUCAS. Many poultry raisers throughout the Nation have.

Mr. WILLIAMS. I have not benefited a single penny. Furthermore, to my knowledge not a single farmer in the State of Delaware has called on the Government for a subsidy on poultry.

Mr. LUCAS. That is very fine. I congratulate the Senator from Delaware. The Senator from Delaware will not deny that the law applies equally to the poultry farmers of Delaware as it does to the farmers in every other section of the country. If there was any subsidy coming to the farmers of Delaware, I presume they might take just a little of it if they had the opportunity.

Mr. WILLIAMS. The Senator from Illinois says that they had the opportunity. I have pointed out that they have not taken advantage of the opportunity. If he wishes to prove otherwise, let him produce the record.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. WILLIAMS. I yield.

Mr. AIKEN. At the present time the Government is supporting the price of eggs in the Midwest, but it is supporting them at 35 cents a dozen, which is a long way from the 75 or 80 cents which the consumer is paying for them. Somewhere between the price of 35 cents and the price of 80 cents there is about 45 cents which is lost in handling, transportation, profits, and other charges. I am glad that the Senator gave me an opportunity to point out that when the eastern consumer complains about the

high cost of eggs, we should not blame the farmer for it, nor Government price support, because the support is 35 cents a dozen.

Mr. WILLIAMS. I am not blaming the farmer, because laws are enacted in Congress. The President of the United States and the Congress together should assume responsibility. I am not criticizing the farmers for participating in this program. I have made that plain from the beginning. I am not criticizing them any more than I would criticize consumers in the cities during the war who bought food products when they were being subsidized by the Government. They had no choice. But I do criticize the economic soundness of the program. I think we have a right to criticize it. Otherwise the facts will not be brought out. I do not believe that it is sound to continue a program which supports at such high levels any agricultural commodities. I objected to the same thing in connection with industrial subsidies on numerous occasions. Many times the Senator from Illinois has complained at the large amount of money which industrial corporations are making. He will find that I was voting against him on industrial subsidies. I was one of the group of Senators—and we did not have the assistance of the Senator from Illinois, unfortunately—who in the closing days of the last session opposed the subsidy bill for the aviation industry; and I joined with the Senator from Missouri [Mr. KEM] in opposing a subsidy bill for the mining industry. I wish on that occasion we had had the enthusiastic support of the Senator from Illinois. I am opposed to subsidies, either to industry or to agriculture, at all times of prosperity. I do not think they are economically sound.

Mr. LUCAS. Mr. President, the Senator from Delaware has a right to his position, of course.

If he will further yield, for one last remark by me, and then I shall cease and desist, let me say that when the Senator began his able address on the subject he evidently wished to leave the implication, and it seems to me that he has continued to try to do so, that the Department of Agriculture is to blame for all the bungling about potatoes and what not. What I maintain is that the Secretary of Agriculture is acting under the authority granted him by the Congress of the United States; and what he has done is what he has been required to do by the law which was passed at the last session of Congress.

I repeat that if the courageous Senator from Vermont [Mr. AIKEN] had had his way in the Congress, and if the Congress had passed the Aiken bill, with the flexible provisions so far as concerns parity on basic and nonbasic commodities, we would not have the trouble which now exists with respect to potatoes, chickens, eggs, and other nonbasic commodities which the Senator from Delaware has been discussing.

If there is any responsibility or blame to be placed, I repeat that it is to be placed upon the Eightieth Congress for its failure to adopt the program recommended by the committee headed by the able Senator from Vermont [Mr. AIKEN].

Mr. WILLIAMS. Some of that responsibility may rest on the Eightieth Congress, but I call attention to the fact that the Senator from Illinois was one of the Senators who voted for the action which was taken and the President himself endorsed the program.

Mr. LUCAS. I was strongly in favor of the program advocated by the Senator from Vermont, and even some of the chicken and egg farmers thought that program was all right.

Mr. WILLIAMS. Yes, the Senator from Illinois supported that version of the program.

Mr. LUCAS. At the time when the final version was brought in, I could do nothing else; it was brought in at midnight, during the last hours of the session, and we had no choice; it was a question of either taking it or having nothing.

Mr. WILLIAMS. All Senators were at liberty to vote against it.

Mr. LUCAS. The Aiken program itself was not before us for a vote at that time; we had to choose between either adopting the conference report or having nothing.

Mr. WILLIAMS. The Senator from Illinois could have voted against it if he wished to do so. Regardless of the sympathy that is expressed in speech the vote is what counts. I know the Senator will agree with me as to that.

Mr. LUCAS. From a parliamentary standpoint, the Senator is exactly correct.

Mr. WILLIAMS. And the Senator from Illinois and other Senators voted, on the floor of the Senate for the program I am criticizing today.

It is true that, under the law, the Secretary of Agriculture has to buy the potatoes. I am not criticizing him for that, and I never have. But I do criticize him for destroying them needlessly.

Mr. LUCAS. I thank the Senator from Delaware for that.

Mr. WILLIAMS. But the Secretary of Agriculture does not have to destroy those potatoes. With a little more research, he could find ways in which they could be utilized.

Mr. LUCAS. I wish the Senator from Delaware would advise the Secretary of Agriculture about that matter. I know he would welcome the Senator's advice and counsel in regard to what to do with perishable potatoes, when it is impossible to get sufficient iced cars in which to ship them at certain times of the year, and so forth.

FUEL OIL

Mr. WILLIAMS. Mr. President, another commodity to be mentioned in this connection is fuel oil. Both fuel oil and gasoline are high in price and scarce. Last winter this country was faced with a serious shortage of fuel oil, which was attributed primarily to the lack of transportation facilities. This was difficult to understand in view of the fact that our transportation facilities were adequate during the war to take care of both our wartime needs and our domestic requirements. This situation was even more difficult to understand since we have unlimited reserves of fuel oil in Arabia awaiting transportation.

An explanation can best be found in a report of the Maritime Commission which discloses the following facts:

At the beginning of World War II there were under the United States flag 447 tankers of all types. At the end of World War II there were under the American flag 764 tankers. During the period between the end of the war and May 1, 1948, the Maritime Commission sold and delivered to foreign nations 148 tankers, including some of our latest designs, at a loss to our taxpayers of approximately \$200,000,000. This reduced our tanker fleet to approximately the prewar level, which was not adequate to take care of the additional volume of fuel oil now being currently required.

Recognizing its error somewhat late, the Maritime Commission, as of April 1, 1948, was frantically rushing construction of 27 new tankers, the expense of which will again largely be borne by the taxpayers.

I could go on indefinitely naming various commodities, the prices of which are kept high by Federal intervention; but from these examples it should be evident to everyone that it is impossible for the cost of living to be reduced so long as these unsound practices are continued. Price ceilings would be ineffective and mathematically impossible as I have pointed out, unless supplemented by consumer subsidy payments, as they were during the war period. As all of us know, subsidy payments by the Government, either at the consumer or producer levels, result in merely transferring a portion of our present-day grocery bill to the charge account of our children and grandchildren. When we compare the present-day prices with the prices existing prior to the removal of price ceilings, we should not overlook the fact that in the maintenance of the lower retail prices prevailing during the war period, the Government spent about \$5,000,000,000 in consumer-subsidy payments to maintain those prices. That cost is now a part of our huge national debt.

I denounce this Government program as economically unsound and contrary to our American principles. There never has been, nor will there ever be, any excuse for the waste and destruction of food in America so long as some of our citizens are in need. I ask any member of this Senate to tell me how the high cost of these essential food and clothing products can be reduced by mere price controls without making some downward revision in this agricultural program or else resorting to direct subsidy payments.

As I have already said, my criticism of this program is not directed against any of the farmers who are participating in these sales or purchases. I know that most of the farmers would prefer a free economy and their own liberty of action. I personally have always been an advocate of a sound agricultural program; but it is my contention, and I have so expressed myself on many occasions, that any agricultural support program which equals or exceeds the cost of production is economically unsound and encourages waste and inefficiency.

The purpose of a support program should never be to guarantee a margin

of profit, but it should be used only as an instrument to which the farmers could resort in times of a national emergency. There is no justifiable reason for paying a subsidy to any group, whether they be farmers, laborers, consumers, or manufacturers, during times of national prosperity.

This inflationary program of supporting agricultural products at fantastically high levels, with the resultant high cost of living, is in reality benefitting no one. Every time the Government, through its purchases, increases the cost of agricultural products, as described, the result is a corresponding increase in the cost of living to the housewife. This in turn requires her husband to demand an increase in wages from his employer; the manufacturer for whom he is working must then increase his prices; and, to complete this inflationary cycle, the farmer, who must purchase these manufactured products, is required to pay the corresponding increase.

It is the height of political and economic nonsense for us to stand here today and promise the American farmer continued high support levels for his products, and at the same time promise the American housewife a reduction in the high cost of living. It just cannot be done under the American system of free enterprise, and the sooner we recognize it, the better it will be for the American people.

Also, Mr. President, let us not lose sight of a recent Supreme Court decision which asserted that the Government will always retain the right to control that which it subsidizes.

REVIEW OF ACHIEVEMENTS OF THE EIGHTIETH CONGRESS RELATIVE TO NATIONAL SECURITY

Mr. GURNEY. Mr. President, I have a report to make, and I believe it should be made at this time, so as to acquaint the Congress and the people with the steps taken by the Eightieth Congress on measures necessary for the national security.

From time to time we hear statements and read articles criticizing the Eightieth Congress for failing to conceive and execute constructive legislation to meet the many vital domestic and foreign problems which face our country. I am mindful, of course, that this is not exactly a new tactic. So far as I can recall, each of the 79 preceding Congresses has been similarly criticized—especially in presidential election years. In fact, I do not believe our national history contains a single instance in which an outgoing Congress has been blessed with Nation-wide acclaim or an E either for effort or for excellence. Notwithstanding the woeful forebodings of this long line of congressional critics, our Nation has continued its unparalleled progress, and has remained the best country in the world in which to live, and in which to make a living. And so, while I am deeply conscious of the wholesome and stimulating effect of sound and impartial criticism, I do not feel greatly alarmed as I listen to or read the unflattering barrage which is directed toward the record of this Eightieth Con-

gress by either the heavy howitzers or the light guns of the hostile artillery.

Yet, as the chairman of a committee which has been charged with responsibilities of the utmost significance to the safety and well-being of this Nation and its people, I feel that it is both appropriate and necessary that I should strive to reassure the men and women of this country as to the manner in which these responsibilities have been met. I also feel that it is incumbent upon me, as the nominal spokesman for the 12 other members of the Senate Committee on Armed Services, to make the record perfectly clear insofar as it concerns the months of diligent, thorough, painstaking and thoroughly unselfish effort which they have devoted to the cause of national security, and the energetic and prompt cooperation which their efforts have met on the floor of the Senate.

On that basis, therefore, I shall address myself to a brief review of the specific achievements of the Eightieth Congress in the field of legislation promoting the national security. Not only do I believe the Members of this Congress are entitled to have these facts made known, but I also believe the people of the United States are entitled to some definite reassurance on this vital subject. I think this latter aspect of the matter is particularly important in view of the hazardous and uncertain international situation existing today.

If we go back to the opening days of the Eightieth Congress, we recall that we were in the process of demobilizing and disbanding the most powerful military force ever assembled by any nation. As an after effect of a long and bitter war, there was an overpowering national urge for speed in the demobilization and reconversion process. As a result, as this Congress assembled it found our armed services badly depleted and disorganized. Further, the character of war had changed so radically that the entire problem of national defense required a complete restudy and a radical change in approach. At the same time, the Congress was convening for the first time under the far-reaching procedural changes specified in the Legislative Reorganization Act of 1946. In view of these factors, I believe it is entirely fair and accurate to say that no Congress was ever faced with more difficult and vital problems in the field of national security than was this Congress when it first assembled in January 1947.

The first step was to organize the Committees on Armed Services in the Senate and House, and assume the functions and records previously held by the Committee on Naval Affairs and the Committee on Military Affairs. The promptness and effectiveness with which that committee was organized and proceeded to transact its business is a major tribute to the sincerity, the ability, and the spirit of public service of its membership. The problems with which they had to prepare to deal were not only of overriding national importance, but they were vastly complex and difficult. They covered not only the complicated technique of modern war on land, at sea, and in the air, but they involved also the vital fields of personnel,

equipment, organization, and national resources. To summarize, the Committee was called upon to integrate and deal with an intricate yet vital series of questions which had theretofore been dealt with on a piecemeal and fragmentary basis.

At the outset it became apparent that the Nation's basic organization for national security was outmoded, and was no longer sound in the light of our wartime experiences. The two-department system, built around the Navy Department and the War Department, was utterly inadequate to meet the demands of modern weapons and equipment. The importance of air power had become too decisive to warrant its further retention as a part of the War Department. It is quite true that this problem was not a new one, but previous efforts to effect a change in our basic organization through some form of unification or integration had been unsuccessful. Plainly, therefore, the first task of the Committee was to find some unification pattern that would start us on the road to a better coordinated and integrated Military Establishment. The long and exhaustive hearings which led to the presenting of the National Security Act of 1947 to the Eightieth Congress, and the searching scrutiny given to that legislation by both the Senate and House membership, are now matters of history. Suffice it to say that definite and prompt action was taken on this very fundamental issue, and the newly created National Military Establishment was brought into being and set in operation.

I am aware, of course, that the so-called Unification Act has been criticized. It has been contended that we have no unification; that the services not only are not coordinated, but that there is constant bickering and jealousy among them. I should be the last one to completely gainsay this adverse comment. But at the same time I insist that the National Military Establishment has made great strides toward its goal. And I further insist that as one studies the almost staggering magnitude of the problem, he must recognize that a remarkably competent job is being done. It is only when the observer considers how utterly and completely our old organization lacked cohesion and coordination that he appreciates the progress that has been made. In the popular mind, the passage of any sort of unification law should bring about an immediate and evident result. But I submit that such a concept fails completely to appreciate the vast amount of preliminary organization, planning, cataloging, and other administrative preparation which must precede any operation of this magnitude, if it is to be conducted in a sound and orderly manner.

Permit me to give a few examples of the problems peculiar to the unification of our armed services, and to outline what is being done to meet them. As a case in point, it would seem, at first glance, that a unified procurement plan could be put into effect at once. Yet, on closer examination, it becomes immediately obvious that a standard cataloging system must first be developed

before there can be any unified procurement, except in the case of a relatively few basic items. The preparation of such a system was inaugurated at once, it is well along toward completion, and in the end will be of major significance. Notwithstanding the large amount of preliminary work which is essential before coordinated procurement can become a reality, it should be noted that under purchase assignments in effect on May 1, 1943, more than 64 percent of the total dollar value of purchases by the National Military Establishment will be carried out under single-service assignments, as compared with only 16 percent a year previously. Similarly, a study of the activities of the Research and Development Board in coordinating our research and development programs, the creation of the Military Air Transport Service to assume the functions previously carried out by duplicate facilities operated by the Air Force and the Navy, the studies of the Gray committee on civilian components, the studies of the Hook Service Pay Commission in the field of uniform pay to the armed services, the effective action taken by the Interdepartmental Space Board in consolidating space utilized by the three services, the detailed plans and the preliminary steps already taken by the Medical and Hospital Services Committee, the Civil Defense Planning Unit, the manifold activities of the Munitions Board, and the steps toward standardization of forms, administrative controls, physical standards, and medical procedures lead one to the conclusion that much sound and businesslike progress is being made, and that spectacular and poorly planned measures are being avoided.

Aside from the need for unification in the top organization of the armed services, a number of other legislative steps were necessary if the lessons learned from the war were to be used to their full advantage. In the field of procurement, existing procedures and laws governing Federal purchasing were not uniformly suitable to the needs of the vast purchasing programs of the military services. During the war some of the outstanding purchasing experts of the country were available to the armed forces in carrying out procurement activities. These individuals, in collaboration with procurement experts of the Government, suggested certain changes in basic procurement responsibilities for the armed services which would improve the methods and techniques previously in use. This led to the preparation and passage of House bill 1366, which has assisted materially in bringing about many of the improvements in purchasing methods now in effect, or planned, in the Military Establishment.

To turn to another field, the war demonstrated a need within the medical departments of the services for a new corps of personnel which would perform the many nonmedical functions which are a part of any large health or hospitalization program. The lack of such a corps of specialists led to the draining away from strictly professional duties of many doctors and dentists whose services were needed in their own particular fields. To

correct this situation the committee recommended and the Senate approved the Medical Service Corps bill, which was enacted as Public Law 337. There is no doubt but what this action by the Congress represents an important step forward in meeting the critical problem of furnishing adequate medical support for the armed forces without at the same time placing an impossible burden on the number of doctors available to meet civilian needs.

Other bills to improve the medical service available to our troops were also passed. House bill 1943 placed the Nurse Corps on a permanent basis and established our military nurses as commissioned personnel. Also, a bill to equalize the retirement benefits between members of the Army Nurse Corps and the Navy Nurse Corps was passed, and enacted as Public Law 517. In July 1947 the Army and the Navy were faced with a serious situation in which many of their qualified doctors and dentists were leaving the military service to take advantage of the greater opportunities offered by private practice. Senate bill 1661, to provide additional inducements to physicians, surgeons, and dentists to make a career of the military services, was recommended by the committee and promptly passed by the Congress.

Another important piece of legislation in the field of personnel was the so-called WAC-WAVE bill, which gives regular commissioned and enlisted status to women in the armed services. The history of the last war shows not only that our manpower resources were strained to the limit, but also that there are many skills and positions with the armed services which women can fill more effectively than men. It is therefore not only essential, but fair and just, that women in the armed services should be given a permanent, rather than a purely temporary status.

As our studies of the procedures in effect within the three services continued, it became increasingly apparent that one of the outstanding examples of lack of uniformity in the treatment of common problems by the Army, Navy, and Air Force was the variety of systems followed in the procurement, assignment, and promotion of officers. The fundamental difference lay in the fact that the Navy operated on a system of promotion by selection, whereas the Army and Air Force operated on a system of promotion by seniority. Many other policies governing the treatment of commissioned personnel were equally divergent as between the three services. After a detailed study of this very complex situation, the Officer Personnel Act of 1947 was recommended to the Senate, and was promptly enacted, to become Public Law 381. This legislation may be looked upon as a major step in the revision of the laws governing the Military Establishment—a step which had repeatedly been tried in past years, but without success.

Not all the legislative action taken by this Congress in the field of national security dealt with all three of the services. Frequently either the Army, the

Navy, or the Air Force had problems which were peculiar to but one of them. As an example, the top organization of the Navy Department required extensive change if the operating procedures so successfully used during the war were to be retained. To bring this about, the committee recommended Senate bill 1252, a bill to reorganize the Office of the Chief of Naval Operations and to create the Office of the Chief of the Matériel Division. This bill was promptly considered by the Senate, and was enacted as public law on March 5, 1948. Similarly, the newly created Air Force required legislation which would establish for it a system of military justice. This was accomplished by the prompt enactment of Senate bill 2401.

Turning for a moment to a completely different field, a consideration of the legislation enacted by this Congress to provide for more adequate planning for industrial mobilization is of major interest, and serves to emphasize the variety of the problems related to national security. During the war the services had developed, either directly or indirectly, many large industrial facilities which could not be operated during peacetime, but which would again be vital in any future war effort. Other committees of the Congress had examined various phases of this problem. Coordinating its work with these other groups, the Committee on Armed Services began to implement the different recommendations, as a result of which two bills have been enacted. Senate bill 1198 established an industrial stand-by facility plan, built around some of the plants which were operated during the war. These plants will be continued in operation, if possible, either through contracts or by the departments. If this cannot be done, these plants will be maintained in such condition as will make them readily available in the event of a future national emergency. In addition to the maintenance of the plants themselves, a far-reaching plan for the maintenance of the machine tools needed to operate these and similar plants has been inaugurated.

Subsequent to the enactment of this industrial stand-by facility plan by the Eightieth Congress, another and far more basic piece of legislation dealing with the subject of industrial preparedness was recommended by the committee and passed by both Houses. Senate bill 2554, which was enacted as Public Law 883, extended the scope of industrial-reserve planning to include a great many surplus industrial facilities which were in danger of being sold for scrap, or completely destroyed insofar as their original purposes were concerned. These plants had been built during the war at great cost to the Government. Their loss or their deterioration would have been a major blow to our future military-industrial potential, and has wisely been precluded by the passage of this bill to insure their proper maintenance in cases where these installations cannot be sold or leased with a suitable security clause. I believe that even the least charitable of the various critics of this Congress would concede that in the event of an-

other national emergency the rapid conversion to a wartime basis made possible by these two laws will be of immeasurable value to the Nation, and represents a marked advance in our plans for industrial readiness.

In the field of surplus property, the committee recommended, and the Congress passed, two important measures. The first had to do with the disposal of the huge network of surplus military airports which had been established throughout the Nation during the war. These airfields constituted an almost priceless national resource, yet they were deteriorating rapidly because no civilian air lines could afford to purchase and maintain them. To the same extent, they were too expensive to permit of their purchase by local governmental agencies. Yet the national interest demanded that every effort should be made toward keeping the maximum number of these installations in operation. After a long study of this very intricate problem, the Committee on Armed Services recommended, and the Congress promptly enacted, the Surplus Airports Act, which will insure that this vital network of airfields shall be retained in operation for the benefit of the public.

A similar problem was presented by the large numbers of military posts, camps, and stations which were being declared surplus by the armed forces. Many of these properties had been acquired during the war, and their disposal presented no particular difficulty under the terms of the Surplus Property Act. However, a considerable number of these installations had been owned by the Federal Government for many years. Some of them dated back to the very early days of the Nation's history. In numerous cases, they had been closely identified with the nearby civilian community for generations and had unquestioned historic value, or public value for park or recreational purposes. Most important of all, these properties were not becoming surplus as the result of the ending of World War II; they were becoming surplus because the redeployment of our armed forces in this modern age was far different from what it had been in the days of the Revolutionary War, the Civil War, and the Indian wars. The Surplus Property Act proved inadequate to provide for the disposal of these old forts in a manner consistent with the best public interest. Numerous local communities were greatly disturbed at the possibility of these historic old properties losing their identity, or being put to uses not consistent with the interests of the local community. Yet the fact remained that these properties were owned by the Federal Government, and as such belonged to all of the Nation's taxpayers, rather than to only those of the local community.

A fair solution to this very vexing question presented one of the most difficult, though perhaps not important, of the problems faced by the committee. After an extensive and complete investigation, S. 2277 was recommended to the Senate, and was promptly enacted, to become Public Law 616. This law has but recently gone into operation, and no dis-

posals have been made under it as yet. However, the executive agencies report that rapid progress is being made, and that the legislative action taken by the Congress will adequately meet this situation. The Surplus Airports Act and the Old Forts Act thus represent two laws which differ most remarkably in content from other legislation in the field of national security, yet their importance cannot be minimized.

The Airports Act provided a means of transferring to States and their political subdivisions many airfields which otherwise would have deteriorated. This law has strengthened the aviation facilities of the country to a major degree, and has provided a reservoir of bases and fields which will be invaluable in the event of another national emergency. The Old Forts Act has provided an instrument which will permit sites which are of undying historic value to be retained for public use, and will permit other properties to be used to meet the growing need for additional parks and recreational areas near many of our metropolitan areas, while at the same time safeguarding the financial interest of the Federal Government in each instance.

With respect to the civilian components of the Army, Navy, and Air Force, I believe it is perfectly accurate to state that this Congress has provided them more legislative support than has been the case at any time in the past. The committee has taken the position that a sound defense structure must rest upon a well-trained and well-equipped reserve. The Congress has supported the committee vigorously in this view, and has accepted each implementing recommendation made by the committee. The number of approved bills which benefit the civilian components is too large to permit of detailed discussion of each, but I shall mention several which warrant special attention.

One of the more serious handicaps with which the members of the civilian components were required to cope was the fact that they received no medical care or hospital benefits if injured during 30-day training periods, as contrasted with extended active duty. S. 1470, which was enacted as Public Law 678, corrected this situation and placed the members of the civilian components on a basis comparable to that of the regular personnel in this regard.

As regards pay for inactive-duty training for the civilian components, the Army for many years has had authority to pay members of the National Guard for armory drills, but had no corresponding authority as regards its other Reserve components. On the other hand, the Navy has had this authority with respect to members of the Naval Reserve and the Marine Corps Reserve. So to remove what was a serious handicap to the training of the Organized Reserve of the Army and the Air Force, S. 1174 was introduced by the committee and passed by the Congress, giving those components the same status as the Organized Reserve of the Navy and the Marine Corps, and the National Guard. At the same time, the size of the Guard and the Organized Reserve has been materially increased.

Also, legislation setting up a retirement system for members of the civilian components who maintain a prescribed standard of training and activity over a period of 20 years was enacted. The Selective Service Act of 1948 places great emphasis upon the importance of membership in organized units of the Reserve components, and provides specific means for building up and maintaining a better standard of training and readiness for active duty. In fact, the whole concept of the position to be occupied by the civilian components in our scheme of national security has been greatly changed for the better through the legislative action taken during the past 2 years, with the result that our country's ability to defend itself has been greatly improved.

The Selective Service Act of 1948 was introduced late in May of 1948, and received full and complete consideration on the floor of both Houses of this Congress. This legislation is of fundamental importance to this Nation and its people. It marks the second instance in the history of our Nation when a law of this type has been enacted in time of peace. The fact that this legislation was enacted only a little more than a month ago makes it unnecessary for me to review its provisions at this time. But I should like to emphasize again the painstaking and exhaustive work which was done on both sides of the Capitol in the formulating of this vital measure, and to point out that few legislative measures have had more careful and conscientious effort devoted to them by any Congress. Regardless of our personal opinions on the matter, I feel that the high standard of thought and attention devoted to the formulation and consideration of this vitally important measure is a tribute to the membership of this Congress which cannot be taken lightly.

In accordance with section 136 of the Legislative Reorganization Act of 1946, the Committee on Armed Services—as is the case with other committees—has taken positive action looking toward maintaining appropriate surveillance over matters which come within its jurisdiction.

The committee established a subcommittee charged with making a continuous study of all policies, programs, activities, facilities, requirements, and practices of the armed services and agencies exercising functions related to them, and the administration thereof in all respects. The appointment of such subcommittees is a wise and necessary procedure, and adds great strength to our governmental structure. Yet critics who measure the contribution of a Congress solely in terms of the number of bills which it enacts too often lose sight of the great burden which the Congress imposes upon itself in maintaining watchfulness over the manifold activities which so closely and vitally affect our people.

I have reviewed but a few of the steps taken during the past 2 years in the field of legislation affecting our national security. There are many more which I have not mentioned. I should, therefore, like to have unanimous consent at this time to insert in the Record, following my remarks, a complete tabulation

showing all the measures promoting our national security which the Eightieth Congress has enacted into law.

The PRESIDING OFFICER (Mr. KEM in the chair). Without objection, it is so ordered.

(See exhibit A.)

Mr. GURNEY. Mr. President, I also ask unanimous consent to have inserted in the RECORD following my remarks a complete tabulation of the moneys appropriated by the Eightieth Congress for national-security purposes.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit B.)

Mr. GURNEY. I should also like to point out that, in the final analysis, the present Congress, like any other Congress, should be judged not by the quantity of the legislation which it enacts, but by its quality and its contribution to the public well-being. With this thought in mind I can assure the Senate that the tabulation which I have just inserted in the RECORD reflects none of the

hours of detailed hearings and consideration devoted by the Committee on Armed Services to numerous legislative proposals which were, in the end, rejected by the committee, or held for further study.

I think that the Nation should know that one of the greatest strides taken by the Eightieth Congress was to make national defense a truly national and truly bipartisan problem. Never, in all of the hearings which I attended, and never, even behind the closed doors of the committee in executive session, did I witness the spectacle of party against party on any of the issues of national security. True, there were divisions of opinion, but always they were honest ones, and always they were on both sides of the table, reflecting the true feelings of the individuals. At no time did I see the partisan divisions which were evident elsewhere.

If this be an accomplishment, if the Congress can be commended in having achieved this sort of national unity, I hope that the Senate will forgive me my

pride when I humbly suggest that this high plane of cooperation was achieved during a Republican Congress.

In conclusion, may I reiterate my reasons for speaking in this vein, and at this time? I hold to the American tradition that fair and impartial criticism is a stimulating and wholesome thing. Yet I also hold to the belief that it is disturbing and unfair to our people to permit unfair and biased criticism to go unanswered. I also feel a Congress that has devoted so much time and unselfish effort to matters dealing with our national security, should have its accomplishments made perfectly clear. To that end, and confining myself to matters of national security, I have outlined in small part the conditions which have faced the country during the past 2 years, and what the Eightieth Congress has done in the interest of our national welfare in dealing with these conditions. I have confined myself to facts, because even the most biased individual cannot argue against the plain truth. The record speaks for itself, and I for one am proud of that record.

EXHIBIT A

Measures enacted into law, 80th Cong.

[Committee on Armed Services, U. S. Senate]

Bill No.	Author	Subject and purpose of bill	Date approved by President	Law No.
S. 153.....	Pepper.....	Dade Monument replica: To permit the making of a replica of the General Dade Monument which is presently located on the grounds of the United States military reservation at West Point and to present such replica to the State of Florida for erection in the Dade State Memorial Park.	June 17, 1948	Public Law 663.
S. 220.....	Gurney.....	Easement in certain lands in Virginia and Maryland: To enable the American Telephone & Telegraph Co. to install and operate communication lines across certain small strips of land in the naval proving grounds at Dahlgren, Va., cross the railroad right-of-way between Fredericksburg and Dahlgren, Va., and across the railroad right-of-way between Indian Head and White Plains, Md.	Mar. 21, 1947	Public Law 18.
S. 221.....	do.....	Easement in lands in the Norfolk Navy Yard: To authorize the Secretary of the Navy to grant and convey a perpetual easement in certain lands, and to provide authority for the Secretary of the Navy to transfer title with perpetual easement to certain personal property, to the Virginia Electric & Power Co.do.....	Public Law 19.
S. 231.....	do.....	Camp Gillespie, Calif., right-of-way: To grant a right-of-way to the city of San Diego for the construction and operation of a water pipe line through land within the boundaries of Camp Gillespie, a Marine Corps auxiliary airfield located in San Diego County, Calif., to enable San Diego to assure its inhabitants of an adequate water supply.	Apr. 15, 1947	Public Law 32.
S. 234.....	do.....	Easement in lands, Bibb County, Ga: To convey an easement to the Central of Georgia Ry. Co. for the installation and operation of a railroad spur track across approximately 0.33 acre of land at the naval ordnance plant at Macon, Ga.	Mar. 7, 1947	Public Law 13.
S. 235.....	do.....	Easement in lands in Los Angeles, Calif.: To drain Bixby slough, an inland lake that has no outlet to the ocean. Under present conditions, several of the streets in the vicinity of the lake are flooded during the rainy season and traffic is disrupted.do.....	Public Law 11.
S. 239.....	do.....	Naval and Military Academy Board of Visitors: To provide a uniform procedure for the appointment of members and functioning of the Boards of Visitors to the U. S. Naval Academy and to the U. S. Military Academy.	June 29, 1948	Public Law 816.
S. 276.....	do.....	Mileage and other travel allowances: To provide statutory authority for the use of the official mileage tables prepared by the Chief of Finance, War Department, in the payment and settlement of mileage or other travel allowance accounts of all military personnel—of enlisted personnel as well as of officers.	Mar. 26, 1947	Public Law 21.
S. 295.....	do.....	Army personnel detailed as students: To extend permanent authority presently contained in the National Defense Act to permit the Secretary of the Army to detail personnel of the armed forces as students in educational institutions, industrial plants, or hospitals, without limitations as to the number that can be so detailed. It is further expanded to cover the Reserve components of the Army and requires service on active duty for such Reserves immediately following the completion of the course of training.	June 19, 1948	Public Law 670.
S. 321.....	do.....	Pay increase for cadets and midshipmen: To authorize an increase of 20 percent in the pay of cadets and midshipmen at the U. S. Military, Coast Guard, and Naval Academies.	June 20, 1947	Public Law 96.
S. 364.....	McMahon and Baldwin.....	Surplus airports: To encourage and permit the transfer of federally owned surplus airports and airport facilities and equipment to public agencies by the War Assets Administration. Such transfers would be without reimbursement and would include both the aviation and nonaviation facilities connected with the airports. It also provides for the transfer of certain surplus personal property in the custody of the War Assets Administration which may be needed in the administration and operation of airports transferred by this legislation.	July 30, 1947	Public Law 289.
S. 703.....	Tydings.....	Civil War battle streamers: To authorize the Secretary of War to prescribe regulations authorizing regiments, and other units, in the Army of the United States to carry Civil War battle streamers, including those granted for service with the Confederate States, with their colors or standards.	Mar. 9, 1948	Public Law 437.
S. 758.....	Gurney.....	National Military Establishment: To create an over-all structure to insure a more coordinated and efficient approach to the problems of national defense. In addition to the strictly military aspects of this legislation, a National Security Resources Board was established to plan for future mobilization, and a Security Council was established to advise the President on all matters, civilian or military, pertinent to the national security.	July 26, 1947	Public Law 253.
S. 918.....	Saltonstall.....	Selective Service Records Office: The bill provided for the establishment of an Office of Selective Service Records; the transfer to this Office of all property, records, personnel, and unexpended balances of the appropriations of the Selective Service System; and the continuance of the confidential nature of selective-service records with a provision for penalties for violations of these confidences.	Mar. 31, 1947	Public Law 26.

Measures enacted into law, 80th Cong.—Continued

Bill No.	Author	Subject and purpose of bill	Date approved by President	Law No.
S. 929	Gurney	Soldiers' Home regulations: To relieve the Inspector General of the Army from personally performing certain annual inspection duties at the United States Soldiers' Home, Washington, D. C.	Jan. 27, 1948	Public Law 401.
S. 1107	do.	Arming of American vessels: To provide permanent authority for the arming of American vessels in time of national emergency.	June 29, 1948	Public Law 817.
S. 1174	do.	Pay for Organized Reserve Corps: To provide uniform standards for inactive-duty training for all Reserve components of the armed forces; to authorize inactive-duty training pay for members of the Reserve Corps of the Army in order to facilitate the procurement, training, and readiness for mobilization of members thereof; and to make several incidental changes in the provisions of the National Defense Act pertaining to the Reserve components of the Army.	Mar. 25, 1948	Public Law 460.
S. 1195	do.	Foreign duty tours: To repeal present provisions of law which limit the tour of duty of officer and enlisted personnel of the Army and the Air Force in certain foreign-duty stations to a maximum of 2 years.	Mar. 8, 1948	Public Law 436.
S. 1198	do.	Leases on stand-by plants: To broaden and make uniform the authority of the War and Navy Departments to lease Government property and to permit the transfer of certain plants, machinery, and equipment to their custody, without reimbursement to the Reconstruction Finance Corporation or the War Assets Administration.	Aug. 5, 1947	Public Law 364.
S. 1214	do.	Naval Officers Training Act amendments: The so-called Holloway plan for a naval and Marine Corps officer candidate-training program was embodied in Public Law 729, 79th Cong., 2d sess. A number of technical errors in the act were later corrected by a series of amendments contained in Public Law 71, 80th Cong., 1st sess. It is the purpose of the bill S. 1214 to further amend Public Law 729 so as to facilitate some of the administrative procedures and to clarify the status of certain of the officers commissioned pursuant to the original act.	June 19, 1948	Public Law 675.
S. 1215	do.	Conversion of vessels: To remove the limitation on the amount that can be expended for the conversion of any one naval vessel during any 18-month period, and to authorize the conversion of certain vessels.	Aug. 1, 1947	Public Law 319.
S. 1252	do.	Organization of the Navy Department: The status of the Office of the Chief of Naval Operations and of his principal assistants and of the Office of the Chief of Naval Material are now governed by Executive Order 9635, dated Sept. 29, 1945. The purpose of the legislation is to establish by statute the authority now being exercised under the Executive order and to repeal any existing statutes in conflict with this legislation. Permanent legislation is necessary because the Executive order under which these offices and positions now exist and function will become inoperative when title I of the First War Powers Act expires 6 months after the termination of the present war.	Mar. 5, 1948	Public Law 432.
S. 1298	do.	Household effects of civilian employees: To validate payments previously made by disbursing officers covering the shipment of household effects of civilian employees where the shipment was made to other than the new duty station of the employee. It also provides for reimbursement to civilian employees where disbursing officers have recovered payment for such expense in the past as is contemplated by this legislation, and further provides relief for disbursing officers for payments made by them and which this legislation validates.	May 12, 1948	Public Law 523.
S. 1302	Johnson of Colorado	Surplus athletic equipment: To authorize the War Assets Administrator to transfer, without charge, any surplus property which is suitable for athletics, sports, or games by the youth of the country to "States, their political subdivisions and instrumentalities; to public and governmental institutions; to nonprofit or tax-supported educational institutions and organizations; to charitable and eleemosynary institutions and organizations; to nonprofit associations, groups, institutions, and organizations designated to promote, support, sponsor, or encourage the participation of the youth of the country in athletics, sports, and games."	June 16, 1948	Public Law 652.
S. 1470	Gurney	Medical care for reservists: This legislation is of a temporary nature and is intended to cover reserves of the Army and of the Air Force, who might be injured or contract disease during training periods prior to the official termination of the war.	June 19, 1948	Public Law 678.
S. 1520	do.	Postal account shortages: To permit the Navy Department to reimburse the Post Office Department for any loss of funds due to embezzlement, errors, or for other losses due to acts of commissioned officers of the Navy and Marine Corps who might be designated custodians of postal effects by competent authority.	June 17, 1948	Public Law 664.
S. 1525	do.	Transportation for Government and other personnel: Permanent legislation to replace temporary wartime legislation authorizing the Secretary of the Army and the Secretary of the Navy to provide transportation by motor vehicle or water carrier to and from their places of employment for personnel attached to or employed by those Departments. The bill contains a clause proposing that during any period of war this authority may be extended to personnel attached to or employed by private plants engaged in the production of material for the Departments.	May 28, 1948	Public Law 560.
S. 1528	do.	Gifts to schools and other institutions: To authorize the Secretaries of the various military services to accept gifts for museums, libraries, schools, cemeteries, etc., under their respective jurisdiction, which can be of use to such institutions; it further provides for the expenditure of any moneys donated to the United States for a specific purpose without securing the express authority of Congress. Such expenditures will be limited to use by the designated institutions, and shall be subject to the terms and conditions of the gift.	Mar. 11, 1948	Public Law 439.
S. 1551	Green	Anchorage housing project: To expedite the sale of this property in order that the Miller Co. may construct on the property a housing project which can be used by officers and families of the Atlantic Fleet which is based at Newport. Approximately 27,000 naval officers and personnel accompany that portion of the Atlantic Fleet which has Newport for its base.	June 16, 1948	Private Law 353.
S. 1571	Gurney	National Advisory Committee for Aeronautics: Amends present laws relating to the National Advisory Committee for Aeronautics. The more pertinent changes which the bill makes are: (1) The number of members is increased from 15 to 17; (2) The Chairman of the Research and Development Board of the National Military Establishment will automatically become a member of the Committee. There are several other minor changes of a technical nature in order to be in accord with present law.	May 25, 1948	Public Law 549.
S. 1581	Hawkes	Port Newark Army Base, N. J.: To give the Secretary of the Army authority to enter into an agreement with the city of Newark, N. J., extending the time for payment of certain installments on the purchase price of the Port Newark Army Base.	Apr. 15, 1948	Public Law 483.
S. 1633	Ives	Marine Band at New York: To authorize the band of the United States Marine Corps to attend and perform in the parade of the American Legion to be held in New York City on Aug. 30, 1947.	July 30, 1947	Public Law 275.
S. 1641	Baldwin	Women's Armed Services Integration Act: To include women officers, warrant officers, and enlisted personnel in the Regular Army, Navy, Marine Corps, and Air Force on a basis similar to that which proved successful during World War II for the wartime Army, Navy, and Marine Corps. A maximum authorized strength of 1,000 officers and 17,500 enlisted women is provided for the Army and 1,000 officers and 10,000 enlisted women for the Navy-Marine Corps, based on a Regular Army strength of 51,000 officers and 875,000 enlisted and a Regular Navy of 500,000 enlisted personnel.	June 12, 1948	Public Law 625.
S. 1661	Morse	Pay increase for doctors in armed services: The armed services and the Public Health Service are currently experiencing great difficulty in securing and retaining an adequate number of physicians, surgeons, and dentists. The purpose of the bill is to alleviate the shortage by offering as an inducement a salary increase of \$100 per month to all active Regular medical and dental officers and to all non-Regular medical and dental officers who are now on duty on a volunteer status, or who hereafter voluntarily come on active duty during the 5-year period following the effective date of this section. It also provides authority to appoint qualified dentists and doctors of medicine in the Army and Navy in grades up to that of colonel in the Army and captain in the Navy.	Aug. 5, 1947	Public Law 365.

Measures enacted into law, 80th Cong.—Continued

Bill No.	Author	Subject and purpose of bill	Date approved by President	Law No.
S. 1673.....	Gurney.....	Relief of James Y. Parker: To correct an administrative error within the War Department which resulted in the failure of James Y. Parker to be promoted to the rank of major while a prisoner of war of the Japanese and to validate certain payments made to him.	Feb. 27, 1948	Private Law 184.
S. 1675.....	do.....	Navy public works bill: To authorize the appropriation for construction required by the Department of the Navy.	June 16, 1948	Public Law 653.
S. 1676.....	Tydings.....	Army public works: To authorize the appropriation for construction required by the Departments of the Army and the Air Force.	June 12, 1948	Public Law 626.
S. 1723.....	Gurney.....	Midshipmen from Canada: Public Law 168, 77th Cong. (55 Stat. 589), provides that the Secretary of the Navy is authorized to permit, upon designation of the President of the United States, not to exceed 20 persons at a time from American Republics and not to exceed 3 at a time from any country to receive instruction at the United States Naval Academy. This law further prescribes that persons receiving instruction under this authority shall receive the same pay and allowances and, subject to such exceptions to be determined by the Secretary of the Navy, shall be subject to the same rules and regulations as other midshipmen at the Academy. Such persons shall not be entitled to appointment to any office or grade in the U. S. Navy by reason of their graduation. Public Law 564 amends present law to authorize the inclusion of persons from the Dominion of Canada along with persons from other American Republics without any increase in numbers and under the same provisions.	June 1, 1948	Public Law 564.
S. 1783.....	do.....	Retention of disabled Army personnel: To permit the retention of certain disabled personnel of the Army of the United States beyond the statutory termination date of their appointments in order to complete their hospitalization or treatment.	June 19, 1948	Public Law 680.
S. 1790.....	do.....	Longevity credit for service prior to 18: To amend present law so as to make permanent the temporary provision which authorizes that service in the Army, including the Air Force, Navy, Coast Guard, Coast and Geodetic Survey, and Public Health Service, or in any Reserve component thereof prior to the attainment of 18 years of age, shall be credited for longevity pay, where it has been excluded solely for this reason.	do.....	Public Law 681.
S. 1791.....	do.....	Camp Phillips, Kans., transfer of lands: To retransfer to the Department of the Army certain lands and improvements thereon which had previously been transferred by the Department of the Army to the Veterans' Administration.	do.....	Public Law 682.
S. 1794.....	do.....	Reflecting pool in Houston, Tex.: To authorize the construction of a reflecting pool on the grounds of the naval hospital, Houston, Tex., and to authorize the Navy to accept the pool as an unconditional gift to the United States from the donors, the Houston Council, Navy League of the United States.	Apr. 9, 1948	Public Law 479.
S. 1795.....	do.....	Relief of Army officers from inspection duties: To relieve officers of the Inspector General's Department of the Army of certain inspection requirements prescribed in sec. 1 of the act of Apr. 20, 1874.	June 19, 1948	Public Law 683.
S. 1796.....	do.....	Preservation of frigate <i>Constellation</i> : To authorize the Secretary of the Navy to restore the U. S. S. <i>Constellation</i> , as far as may be practical, to her original condition, and to accept contributions and donations for that purpose. It further authorizes the Secretary to give or sell parts of the U. S. S. <i>Constellation</i> not suitable for retention as souvenirs to clubs, associations, and individuals making contributions for restoring the ship. Only contributed funds to be utilized for the restoration of this vessel.	Mar. 13, 1948	Public Law 442.
S. 1799.....	do.....	Protection of service uniforms: To extend the application of the law prohibiting the wearing of the uniform by unauthorized persons to include the Canal Zone, Guam, American Samoa, and the Virgin Islands.	Apr. 15, 1948	Public Law 484.
S. 1802.....	do.....	Medal of Honor to unknown American: To authorize the President to award, in the name of the Congress, a Medal of Honor to the unknown American soldier of World War II who is to be buried in the Memorial Amphitheater of the National Cemetery, at Arlington, Va.	Mar. 9, 1948	Public Law 438.
S. 1961.....	do.....	Exemption of vessels from certain requirements: To extend temporarily the exemption of certain vessels with unusual characteristics of the Navy and Coast Guard from statutory requirements concerning navigation lights, where the Secretary of the Navy, or the Secretary of the Treasury in the case of Coast Guard vessels, shall determine that by reason of such unusual construction it is not possible for such vessels to comply with existing statutes.	Mar. 5, 1948	Public Law 433.
S. 2077.....	do.....	Kearney, Nebr., land exchange: To effect the transfer to the United States of approximately 440 acres of land located within the boundaries of the Kearney Army Airfield, Kearney, Nebr., owned by the city of Kearney, in exchange for approximately 17 acres of federally owned land contiguous to that airfield, together with certain surplus buildings and other improvements located on that land and upon city-owned land adjacent thereto.	June 1, 1948	Public Law 565.
S. 2223.....	Hickenlooper.....	Promotion of General Groves: To promote Lt. Gen. Leslie Richard Groves to the permanent grade of major general, and upon his retirement to advance him without any increase in retired pay to the honorary rank of lieutenant general.	June 24, 1948	Private Law 394A.
S. 2233.....	Gurney.....	Easement in lands in naval air station, Alameda, Calif.: To authorize the Secretary of the Navy to grant an easement on certain Government-owned property for the construction and operation of a water main which in part will service the United States naval air station at Alameda, Calif.	May 25, 1948	Public Law 551.
S. 2251.....	do.....	Recreation center, Great Lakes: To permit the Secretary of the Navy to accept a park to be constructed by the Army and Navy Union without cost to the Federal Government. This park will be for the use of patients at the United States naval hospital located at Great Lakes, Ill. It will provide an outdoor recreational area for their use.	June 19, 1948	Public Law 688.
S. 2277.....	Robertson.....	Surplus Property Act of 1944, amendment: To amend the Surplus Property Act of 1944, first, to permit the War Assets Administrator to transfer to State and local governmental agencies surplus real estate suitable for use as public parks or recreational areas, or as historical monuments, and, second, by giving State and local governments a higher priority than the Reconstruction Finance Corporation with regard to certain real properties. Conveyances made for use as public parks or recreational areas shall be at 50 percent of fair value, and those made for historic monuments shall be made without monetary consideration.	June 10, 1948	Public Law 616.
S. 2400.....	Gurney.....	Stoppage of work on certain vessels: Under a provision of the Second Supplemental Surplus Appropriation Rescission Act of 1946 those combatant vessels which were more than 20 percent complete as of Mar. 1, 1946, are required to be completed. Public Law 690 provides the President with authority to remove from the mandatory operation of that act, which necessitates their completion, 13 named vessels consisting of 1 battleship, 1 cruiser, 2 destroyer escorts, 7 destroyers, and 2 submarines. The cessation of construction will suspend present obligations against the Treasury to an extent of over \$300,000,000. It is intended that a portion of this sum will be used if appropriated to institute a new shipbuilding and conversion program of advance-design ships.	June 19, 1948	Public Law 690.
S. 2401.....	do.....	Military justice, Air Force: To grant authority to the U. S. Air Force similar to that of the U. S. Army and U. S. Navy for the administration of military justice.	June 25, 1948	Public Law 775.
S. 2505.....	Baldwin.....	Scientific positions in the Military Establishment: To permit the Secretary of Defense to establish 6 additional positions of a professional and scientific character for duty within the Office of the Secretary of Defense. The top salary placed on these positions is \$15,000 per year and they will be utilized primarily by the Research and Development Board.	June 24, 1948	Public Law 758.
S. 2553.....	Gurney.....	Mystic River bridge: To authorize the Secretary of the Navy to convey to the Mystic River Bridge Authority, an instrumentality of the Commonwealth of Massachusetts, an easement for the construction and operation of bridge approaches over and across lands comprising a part of the United States naval hospital, Chelsea, Mass.	June 16, 1948	Public Law 658.
S. 2554.....	do.....	National Industrial Reserve Act of 1948: To establish statutory authority for the maintenance or control of a pool of Government-built essential and strategic plants, machine tools, and industrial manufacturing equipment to be available for national defense purposes and war production in event of a possible future emergency.	July 2, 1948	Public Law 883.

Measures enacted into law, 80th Cong.—Continued

Bill No.	Author	Subject and purpose of bill	Date approved by President	Law No.
S. 2592.....	Gurney.....	Lands in Puerto Rico: To authorize the Secretaries of the Army, the Navy, and the Air Force to return certain lands in Puerto Rico to the owners. This land was deeded to the United States, without cost, during the early part of the war on condition that it be reconveyed when no longer needed for purposes of national defense.	June 19, 1948	Public Law 693.
S. 2593.....	do.....	Right-of-way at Pungo, Va.: To authorize the Secretary of the Navy to grant the Commonwealth of Virginia, without cost, a right-of-way across lands of the former naval auxiliary air station, at Pungo, Va., in order to widen State Secondary Route No. 615 at a point contiguous to the station.	June 16, 1948	Public Law 659.
S. 2621.....	do.....	Federal Prison Industries: To authorize the extension of the functions and duties of Federal Prison Industries, Inc., to military disciplinary barracks.	June 29, 1948	Public Law 821.
S. 2655.....	do.....	Selective Service Act of 1948: To increase the authorized strength of the Army, Navy, and Air Force; to bring the strength of the services up to these authorized ceilings by means of a selective-service program calling for the drafting of 19- to 26-year-olds for a period of 21 months' active service with the armed services; and to strengthen the Reserve components by means of a program of enlisting 18-year-olds for a period of 1 year of active service with the armed forces, followed by transfer to the Reserve components.	June 24, 1948	Public Law 759.
S. 2698.....	Hatch.....	Transfer of Army horses: To authorize the transfer without compensation from the U. S. Army to 4 different military institutes in the United States of Army horses which are now on loan to those institutions for use in the ROTC program.	June 29, 1948	Public Law 823.
S. 2747.....	Morse.....	Panama Railroad Company: To authorize the incorporation of the Panama Railroad Company and to provide an appropriate charter.	do.....	Public Law 808.
S. 2770.....	Gurney.....	Assistant to Chief of Engineers: To fix the rank of the officer who is serving as assistant to the Chief of Engineers in charge of river, harbor, and flood-control work in the grade of brigadier general, to require that the position shall not be charged against the authorized strength of general officers of the Army, and to provide that his pay, allowances, and mileage and travel expenses should be paid from the appropriations for the works on which he is engaged.	June 25, 1948	Public Law 777.
S. 2830.....	Morse.....	Tin smelting: To amend the act of June 28, 1947 (Public Law 125, 80th Cong.), to extend from June 30, 1949, until June 30, 1954, or until such earlier time as the Congress shall otherwise provide, the powers, functions, duties, and authority of the Reconstruction Finance Corporation (1) to buy, sell, and transport tin, tin ore and tin concentrates; (2) to improve, develop, maintain and operate by lease or otherwise the Government-owned tin smelter at Texas City, Tex.; (3) to finance research in tin smelting and processing, and (4) to do all other things necessary to accomplish the foregoing.	June 29, 1948	Public Law 824.
S. J. Res. 207.....	Saltonstall and Gurney.....	Navy sesquicentennial: To provide for the commemoration of the sesquicentennial anniversary of the establishment of the Department of the Navy and to authorize the Secretary of the Navy to carry out appropriate ceremonies.	Apr. 26, 1948	Public Law 498.
H. R. 450.....	Bates of Massachusetts.....	Marblehead Military Reservation: Providing for the conveyance to the town of Marblehead, in the State of Massachusetts, upon payment to the United States of the sum of \$5,000, of property generally referred to as the Marblehead Reservation.	May 16, 1947	Public Law 70.
H. R. 774.....	Bland.....	Condemned ordinance: To extend to the Secretary of the Treasury the authority heretofore exercised by the Secretaries of War and of the Navy under legislation enacted in 1896. The earlier act referred to, permits the service Secretaries, in their discretion, to loan or give obsolete or condemned combat material to certain designated veterans' organizations and other nonprofit institutions.	Feb. 27, 1948	Public Law 421.
H. R. 1200.....	Peterson.....	Canal Zone Retirement Act amendment: To extend to certain annuitants retired under the Canal Zone Retirement Act prior to July 29, 1942, the privilege of having their annuities recomputed under the new method of computation contained in the act of that date if such computation would result in increased benefits.	Aug. 4, 1947	Public Law 345.
H. R. 1275.....	Cole of New York.....	Medical care of naval personnel: Authorizes the payment for medical treatment of officers in the naval service while in an authorized-leave status.	May 4, 1948	Public Law 511.
H. R. 1341.....	Anderson of California.....	Naval postgraduate school authorization, Monterey, Calif. (H. R. 1341 substituted on Senate floor for S. 229): To provide additional facilities which are urgently needed for the postgraduate training of naval officers.	July 31, 1947	Public Law 302.
H. R. 1358.....	Andrews of New York.....	Naval Plantations Act amendment: To make permanent Public Law 377, 78th Cong., with further restrictions. Public Law 377 is a temporary wartime statute, which authorizes the use of funds appropriated for the subsistence of naval personnel, in the management and operation of farms and plantations on land subject to naval jurisdiction outside of the continental limits of the United States. Public Law 149 extends the same authority to the War Department and limits production to fresh fruits and vegetables.	July 1, 1947	Public Law 149.
H. R. 1359.....	do.....	Civil Engineer Corps of Navy: To increase the authorized strength of the Corps of Civil Engineers from 2 to 3 percent of the total active list of the commissioned line officers of the Navy.	May 16, 1947	Public Law 62.
H. R. 1362.....	do.....	Temporary appointment counted for promotion: To correct an inequity now existent by authorizing members of the U. S. Navy and Marine Corps to count all active service rendered as warrant or commissioned officers in the Navy or Marine Corps for purposes of promotion to commissioned warrant officer.	June 30, 1947	Public Law 134.
H. R. 1363.....	do.....	Pay Readjustment Act amendment regarding annulled marriage: To eliminate the required repayment to the Government of increased allowances paid to service personnel by reason of a dependent spouse in cases where a marriage in good faith is subsequently annulled or set aside from its inception.	May 15, 1947	Public Law 55.
H. R. 1365.....	do.....	Chief of Chaplains in the Navy: To establish a permanent Chief of Navy Chaplains and to authorize the Chief of Naval Personnel to designate from the Navy Chaplain Corps an officer not below the rank of commander to be chief of the corps.	do.....	Public Law 56.
H. R. 1366.....	do.....	Procurement of supplies and services: Provides for a return to normal purchasing procedures through the advertising-bid method on the part of the armed services, namely, the War Department, the Navy Department, and the U. S. Coast Guard. It capitalizes on the lessons learned during wartime purchasing and provides authority, in certain specific and limited categories, for the negotiation of contracts without advertising. It restates the rules governing advertising and making awards as well as fixing the types of contract that can be made.	Feb. 19, 1948	Public Law 413.
H. R. 1367.....	do.....	Construction of experimental submarines: To authorize construction of experimental submarines by lifting a statutory provision limiting the availability of balances of funds appropriated for "Increase and replacement of naval vessels."	May 16, 1947	Public Law 63.
H. R. 1368.....	do.....	Civilian officers and employees on Guam: To include civilian officers and employees of the U. S. Naval Government of Guam among those persons who are entitled to the benefits of Public Law 490 (Missing Persons Act).	do.....	Public Law 64.
H. R. 1369.....	do.....	Under Secretary of Navy permanent: To amend existing law so as to establish permanently the offices of Under Secretary of War and Under Secretary of Navy.	May 15, 1947	Public Law 57.
H. R. 1371.....	do.....	Marine Corps officers for supply duty: Permits the Secretary of the Navy to assign captains, majors, lieutenant colonels, and colonels of the Marine Corps to supply duty only and provides for their lineal position and precedence, and authorizes their being carried as additional numbers in their respective grades. It would establish the number of officers to be so assigned and would preserve the precedence of those assigned to supply duty.	July 1, 1947	Public Law 150.
H. R. 1375.....	do.....	Clothing allowance in cash for clothing in kind to enlisted men: To authorize the President to substitute a cash allowance for clothing in kind for the Army, Marine Corps, and Marine Corps Reserve and to place the Marine Corps under the jurisdiction of the Secretary of the Navy with regard to clothing allowance.	do.....	Public Law 158.
H. R. 1376.....	do.....	Transportation of dependents and household effects: To authorize transportation of dependents and household effects of personnel of the Navy, Marine Corps, and Coast Guard to overseas bases.	do.....	Public Law 151.
H. R. 1379.....	do.....	Naval postgraduate school authorization: To provide legislative authority for postgraduate instruction and training of commissioned officers of the naval service.	July 31, 1947	Public Law 303.

Measures enacted into law, 80th Cong.—Continued

Bill No.	Author	Subject and purpose of bill	Date approved by President	Law No.
H. R. 1381	Andrews of New York	Decorations from neutral nations to officers and enlisted men of the armed forces: To authorize officers and enlisted men of the armed forces of the United States to accept decorations, orders, medals, and emblems from the governments of neutral nations, and to allow such personnel to wear permanently any foreign decorations which have been, or may be, bestowed pursuant to the provisions of that act.	May 15, 1947	Public Law 58.
H. R. 1544	Keating	Gold star lapel buttons: To provide for a distinctive gold star lapel button for issue to widows, parents, or next of kin of members of the armed forces who lost their lives while serving in one of the armed services of the United States in World War II.	Aug. 1, 1947	Public Law 306.
H. R. 1562	Johnson of California	Federal aid for soldiers' and sailors' homes: To increase, from \$300 to \$500 per capita per annum, until June 30, 1951, the Federal aid to State or Territorial homes for the support of veterans hospitalized in such homes, who are eligible for such care in U. S. Veterans' Administration hospitals and homes.	May 18, 1948	Public Law 531.
H. R. 1605	Andrews of New York	Date of appointment as commissioned officer: To clarify present law governing the appointment of additional officers in the Regular Army. The law does not, in any way, increase Army promotions or result in additional Army officers.	May 15, 1947	Public Law 61.
H. R. 1621	Johnson of California	Boy Scouts' World Jamboree: To authorize the War Department and the State Department to assist the Boy Scouts of America in connection with the World Jamboree of Boy Scouts to be held in France during July and August 1947.	Apr. 14, 1947	Public Law 31.
H. R. 1807	Andrews of New York	Easement in land in U. S. Naval Ammunition Depot, McAlester, Okla.: To provide a perpetual easement for the construction, maintenance, and operation of a Federal-aid farm-to-market highway along the west boundary of the United States naval ammunition depot, McAlester, Okla.	June 30, 1947	Public Law 135.
H. R. 1845	Mrs. Smith of Maine	Military leave for Federal employees: To unify the existing laws pertaining to the granting of military leave to permanent and temporary indefinite employees of the United States or the District of Columbia, who are members of the Reserve components of the various services, including the National Guard.	July 1, 1947	Public Law 153.
H. R. 1943	do	Army and Navy Nurse Corps: To establish an Army Nurse Corps and a Women's Medical Specialist Corps in the Medical Department of the Regular Army and to establish a Navy Nurse Corps as a component part of the Medical Department of the Navy.	Apr. 16, 1947	Public Law 36.
H. R. 2225	West	Fort McIntosh, Tex. (H. R. 2225 substituted on Senate floor for S. 739): To authorize the War Assets Administration to transfer a portion of Fort McIntosh, Laredo, Tex., along with certain personal property, to the United States Section of the International Boundary and Water Commission, without reimbursement or exchange of funds.	July 25, 1947	Public Law 235.
H. R. 2248	Andrews of New York	Easement in land in Camp Livingston, La.: To provide a perpetual easement on the Camp Livingston Military Reservation to the Louisiana Power & Light Co. to cover a relocation of its transmission line and to convey by quitclaim deed a tract of land for a reconstructed substation.	July 1, 1947	Private Law 44.
H. R. 2276	do	Olympic Games: To permit the Secretary of War and the Secretary of the Navy to augment the national Olympic effort in all sports by authorizing the participation of their personnel in the games. Also to make such authorization permanent in character but placing a monetary limitation on both the Army and Navy for expenses incident thereto.	do	Public Law 159.
H. R. 2314	do	Lump-sum payments to survivors of deceased officers: To establish additional beneficiaries to whom lump-sum aviation bonuses may be paid in the event of the death of aviation officers who have not designated beneficiaries.	July 25, 1947	Public Law 236.
H. R. 2339	do	Army mail clerks: To eliminate certain unnecessary authority within the War Department to pay additional compensation to enlisted personnel designated as mail clerks.	June 30, 1947	Public Law 136.
H. R. 2359	Mrs. St. George	Highland Falls filtration plant: Authorizes a lump-sum payment of \$85,000 by the United States to the village of Highland Falls, N. Y., as a contribution toward the cost of construction of a water-filtration plant.	June 12, 1948	Public Law 627.
H. R. 2744	Brooks	Retirement: Establishes a permanent and more expeditious method of eliminating substandard officers of the Regular Army and the Regular Air Force. Places the personnel of the Army and the Air Force on a par with personnel of the Navy, insofar as (a) years of service required for voluntary longevity retirement is concerned, and (b) retirement in the highest temporary rank. Establishes longevity retirement benefits for members of the Reserve components predicated both on time spent on active duty and satisfactory service performed during periods of inactive duty.	June 29, 1948	Public Law 810.
H. R. 3053	Andrews of New York	Easement in lands in Hawaii: To authorize the Secretary of the Navy to grant a perpetual easement for 28 small parcels of land in the vicinity of Pearl Harbor Naval Shipyard to the Territory of Hawaii for highway and utility purposes.	July 22, 1947	Public Law 212.
H. R. 3055	do	Utilities and related services: To authorize the War and Navy Departments to sell utilities and certain related services to welfare activities and private persons residing in the immediate vicinity of naval or military activities, provided such utilities are not otherwise available.	July 30, 1947	Public Law 284.
H. R. 3056	do	Easement for road in Bibb County, Ga.: To provide authority for the Secretary of the Navy to convey an easement to the city of Macon, Ga., and Bibb County, Ga., for the construction and operation of a public road and the installation of equipment of public-utility services across the naval ordnance plant at Macon, Ga.	July 21, 1947	Public Law 207.
H. R. 3124	Mrs. Bolton	Marine Band in Cleveland, Ohio: To authorize the Marine Band to attend the national encampment of the Grand Army of the Republic at Cleveland, Ohio, Aug. 10 to 14, 1947.	June 30, 1947	Public Law 141.
H. R. 3127	Mathews	Obsolete ordnance to State homes: To make State homes for former members of the armed forces eligible for loan or gift of condemned ordnance, guns, and cannon balls, under the act of May 22, 1896, as amended.	July 31, 1947	Public Law 304.
H. R. 3191	Andrews of New York	Filipinos under Missing Persons Act: To amend Public Law 301, 79th Cong., in order to extend the benefits of the Missing Persons Act (56 Stat. 143) to certain members of the organized military forces of the Government of the Commonwealth of the Philippines while these forces were in the service of the armed forces of the United States.	July 25, 1947	Public Law 241.
H. R. 3215	do	Army and Navy Medical Departments, revised: To establish in the Medical Departments of the Regular Army and Navy a Medical Service Corps with a Reserve component; be composed of pharmacists, sanitary engineers, optometrists, psychologists, bacteriologists, business administrators, and similar skills.	Aug. 4, 1947	Public Law 337.
H. R. 3251	do	Retirement of certain Navy officers: To authorize naval retiring boards to consider the cases of certain officers.	July 11, 1947	Public Law 178.
H. R. 3252	do	Easement in lands in Long Beach, Calif.: To grant a perpetual easement to the city of Long Beach, Calif., in two strips of land each 30 feet wide and 600 and 330 feet long, respectively. Both of these parcels lie within the site of the Navy housing project at Long Beach and adjacent to the west side of Santa Fe Ave.; the proposed easement is to be granted for street and utility purposes.	July 21, 1947	Public Law 208.
H. R. 3303	do	Volunteer enlistments (H. R. 3303 substituted on Senate floor for S. 1218): To establish a permanent system of volunteer enlistments in the Regular Military Establishment designed to fit the future variable requirements of the Army. It further authorizes certain benefits to enlisted men for the purpose of encouraging enlistment and reenlistment in the Regular Army on a career basis, and terminates the payment of mustering-out pay and reduces the minimum age for enlistment in the National Guard from 18 to 17.	June 28, 1947	Public Law 128.
H. R. 3394	do	Remains buried outside the United States: Authorizes the return of the remains of World War II dead to the homeland of the next of kin as well as the homeland of the deceased. Also authorizes the Secretary of War to exercise discretionary authority in directing the disposition of group and mass burials and directs the permanent overseas burial of unknown American World War II dead. Further permits the Secretary of War to acquire land overseas for United States military cemeteries.	Aug. 5, 1947	Public Law 368.
H. R. 3416	Sikes	Pensacola National Monument, Fla.: To authorize the Secretary of the Interior to receive certain surplus lands presently owned by the Departments of the Army and the Navy and to develop them as a national monument, or in the discretion of the Secretary, to designate them for use as a State historical park. The areas included in this bill are Old Forts San Carlos, Barrancas, Redoubt, and Pickens, comprising approximately 13 acres of land.	July 2, 1948	Public Law 878.

Measures enacted into law, 80th Cong.—Continued

Bill No.	Author	Subject and purpose of bill	Date approved by President	Law No.
H. R. 3484.....	Case of South Dakota.....	Transfer of Remount Service: To insure the maintenance of a Nation-wide horse-breeding program by transferring certain records, property, and civilian personnel of the Remount Service of the Quartermaster Corps, War Department, to the Department of Agriculture.	Apr. 21, 1948	Public Law 494.
H. R. 3501.....	Andrews of New York.....	Abolishing terminal leave: To amend the Armed Forces Leave Act of 1946 to grant to all military and naval personnel equal treatment in the matter of leave, and to correct certain inequities and defects which have arisen in the administration of the present act. It also provides for the lump-sum payment for accrued leave in certain cases. It will incorporate all existing law concerning leave with changes into one act.	Aug. 4, 1947	Public Law 350.
H. R. 3629.....	do.....	Surplus property to Panama Canal: To authorize the War Department and the Navy Department to transfer to the Panama Canal materials, supplies, tools, and equipment of every character, including structures, vessels, and floating equipment, which are surplus to the needs of the Department having title thereto and which may be certified by the Governor of the Panama Canal as necessary for the care, maintenance, operation, improvement, sanitation, and government of the Panama Canal and Canal Zone.	July 2, 1947	Public Law 160.
H. R. 3645.....	Gross.....	Gettysburg National Military Park: Authorizes the Secretary of the Interior to accept on behalf of the United States approximately 4 acres of non-Federal land within the boundaries of the Gettysburg National Military Park.	Jan. 31, 1948	Public Law 404.
H. R. 3735.....	Sikes.....	Santa Rosa Island: To authorize and direct the Secretary of the Army to convey to Okaloosa County, Fla., a tract of land on Santa Rosa Island in that county.	July 2, 1948	Public Law 885.
H. R. 3830.....	Short.....	Promotion and elimination of officers: To reestablish a permanent promotion system for the armed forces; to make necessary improvements to the present Navy system of promotion by selection; to change the present Army system of promotion by seniority to a selection system and, insofar as is practicable at this time, to make uniform the promotion systems of the two services.	Aug. 7, 1947	Public Law 381.
H. R. 3883.....	Bartlett.....	Transfer of vessel <i>Hygiene</i> : To authorize the transfer, without exchange of funds, of the vessel <i>Hygiene</i> from the Department of the Army to the Territory of Alaska for use as a floating health clinic within Alaskan waters.	June 19, 1948	Public Law 700.
H. R. 4017.....	Blackney.....	Armed Forces Leave Act bonds redeemable: To amend the Armed Forces Leave Act of 1946 (Public Law 704, 79th Cong.) to provide that bonds issued under that act may be redeemed in cash at any time after Sept. 1, 1947, to permit future claimants to request settlement and compensation entirely in cash, and to extend the time within which applications for settlement and compensation under the act may be made to Sept. 1, 1948.	July 26, 1947	Public Law 254.
H. R. 4032.....	Andrews of New York.....	Delegation of powers to Secretary of the Navy: To authorize the President of the United States to delegate certain discretionary powers which he now has to the Secretary of the Navy. These powers are: (1) Retirement of officers upon the completion of 30 years of service; (2) retirement of officers upon the completion of 40 years of service; (3) retirement of officers for disability resulting from an incident of the service; (4) retirement of officers for disability not the result of an incident of the service; (5) removal of the charge of desertion from the records of the personnel of the Navy.	June 17, 1948	Public Law 668.
H. R. 4090.....	do.....	Nurses retirement benefits: To correct a situation whereby a group of retired Army and Navy nurses is paid according to a lower schedule than is currently in use for the majority of retired Army and Navy nurses.	May 7, 1948	Public Law 517.
H. R. 4272.....	Welch.....	Headstones for unmarked graves: To give statutory authority to the Secretary of the Army to furnish headstones or markers for the graves of all persons who served honorably in the armed forces of the United States, including the Union and Confederate Armies.	July 1, 1948	Public Law 871.
H. R. 4308.....	Andrews of New York.....	Decorations from foreign governments: To insure that former officers and enlisted men of the armed forces, as well as those now in the services, may receive decorations, orders, and medals tendered them by governments of belligerent nations or other American republics.	Aug. 1, 1947	Public Law 314.
H. R. 4490.....	do.....	Salvage facilities: To authorize the Navy Department, either by contract or through its own facilities, to provide adequate offshore salvage facilities in American waters and in areas where our vessels may operate.	May 4, 1948	Public Law 513.
H. R. 4721.....	do.....	Repairs to navy vessels: To repeal the act of July 18, 1935 (49 Stat. 482), which provides that not more than \$150,000 can be spent in any 18 consecutive months on repairs and alterations to any one ship, and earlier laws which set comparable limitations. These laws are not now in effect since they were suspended during the war until the end of the first fiscal year following the expiration of the war.	June 12, 1948	Public Law 628.
H. R. 5035.....	Jonkman.....	Marine Band at Grand Rapids, Mich.: To authorize the attendance of the Marine Band at the National Encampment of the Grand Army of the Republic.	May 18, 1948	Public Law 532.
H. R. 5036.....	Kersten.....	Marine Band at Milwaukee (H. R. 5036 substituted on Senate floor for S. 2064): To authorize the President to permit the Marine Corps Band to attend and give concerts at the national assembly of the Marine Corps League to be held in Milwaukee, Wis., from Sept. 22 to 25, inclusive, 1948.	June 24, 1948	Public Law 763.
H. R. 5283.....	Hardy.....	Surplus sand at Fort Story: To authorize the Secretary of the Army to dispose of surplus sand on Government-owned land at Fort Story, Va., by sale, upon such terms and conditions as are deemed advisable by him.	June 10, 1948	Public Law 619.
H. R. 5298.....	Johnson of California.....	Civil Air Patrol: To establish as permanent law the Civil Air Patrol as a volunteer civilian auxiliary to the U. S. Air Force; to authorize the Secretary of the Air Force to accept and utilize the service of the Civil Air Patrol; to authorize the Secretary of the Air Force to make available to Civil Air Patrol, by gift or by loan, sale or otherwise, obsolete or surplus aircraft, aircraft parts, matériel, supplies, equipment, and facilities of the Department of the Air Force.	May 26, 1948	Public Law 557.
H. R. 5344.....	Andrews of New York.....	Retired pay of certain enlisted men and warrant officers: To prevent retroactive checkage of retired pay in the cases of certain enlisted men and warrant officers appointed or advanced to commissioned rank or grade under the act of July 24, 1941 (55 Stat. 603), as amended, which will alleviate an unjust situation which has affected approximately 3,000 retired enlisted men and warrant officers of the Navy, Marine Corps, and Coast Guard.	June 19, 1948	Public Law 709.
H. R. 5758.....	Potter.....	Armed Forces Leave Act of 1946, amendment: To permit certain payments to be made to surviving brothers, sisters, nieces, or nephews of deceased members and former members of the armed forces.do.....	Public Law 710.
H. R. 5805.....	Blackney.....	Mustering-out payment: To extend the time for filing claims for payment under the Mustering-Out Payment Act of 1944 to Feb. 3, 1950.	May 19, 1948	Public Law 539.
H. R. 5836.....	Andrews of New York.....	Easement at Fort Myers, Fla. (H. R. 5836 substituted on Senate floor for S. 2291): To authorize a perpetual easement over certain lands adjacent to the Fort Myers Army Airfield in Florida.	June 3, 1948	Private Law 339.
H. R. 5870.....	do.....	Allowances for war dead escorts: To provide increased allowances for the escorts of repatriated war dead.do.....	Public Law 599.
H. R. 5882.....	Anderson of California.....	Surplus property for educational purposes: To authorize donations by the armed services, for educational purposes, of such equipment, materials, books, and other supplies as may be obsolete or no longer needed within the National Military Establishment.	July 2, 1948	Public Law 889.
H. R. 5983.....	Andrews of New York.....	Medical Services Corps Act (H. R. 5983 substituted on Senate floor for S. 2366): To remove certain restrictions on the source of appointments of pharmacists, optometrists, and other related specialists to the Navy Medical Service Corps.	June 19, 1948	Public Law 716.
H. R. 6039.....	do.....	Appointment of Army and Air Force generals: To provide statutory authority for the appointment in the permanent grade of general in the Regular Army of Omar Nelson Bradley, general of the U. S. Air Force of Carl Spaatz, and admiral in the U. S. Navy of Raymond A. Spruance.	June 26, 1948	Public Law 791.
H. R. 6633.....	Fletcher.....	San Diego land exchange: To authorize exchange of lands and interest therein between the United States and the city of San Diego, Calif.	July 2, 1948	Public Law 891.

Measures enacted into law, 80th Cong.—Continued

Bill No.	Author	Subject and purpose of bill	Date approved by President	Law No.
H. R. 6693.....	Andrews of New York.....	Filipinos at the Naval Academy: To authorize the Secretary of the Navy to permit Filipinos, not exceeding 4 in number at any one time, to receive instruction at the Naval Academy.	June 24, 1948	Public Law 752.
H. R. 6707.....	do.....	Officer Personnel Act amendment: To extend the time before which certain officers now serving in the grade of admiral in the Navy and general in the Air Force and Army must be reduced in rank.	June 28, 1948	Public Law 804
H. J. Res. 90.....	do.....	Former naval reservists in Philippines: To eliminate present discrimination against certain former naval reservists in the Philippine Islands.	May 15, 1947	Public Law 50.
H. J. Res. 92.....	do.....	Rear Adm. Charles E. Rosendahl: To authorize the Secretary of the Navy to present the Distinguished Flying Cross, with accompanying ribbon, to Rear Adm. Charles E. Rosendahl, U. S. Navy, in recognition of his heroic action as commanding officer of the Navy dirigible, U. S. S. <i>Shenandoah</i> at the time of its destruction during a violent storm on Sept. 3, 1925.	June 30, 1947	Private Law 35.
H. J. Res. 96.....	Cole of New York.....	Lt. Gen. Roy Stanley Geiger: To promote posthumously the late Lieutenant General Geiger, U. S. Marine Corps, to the rank of general in the U. S. Marine Corps.	do.....	Private Law 36.
H. J. Res. 116.....	Andrews of New York.....	Naval Academy appointments: To correct technical errors in Public Law 729, 79th Cong., 2d sess., and to provide for the appointment to the Naval Academy, by the Secretary of the Navy, of 160 men annually from enlisted men of the Navy and Marine Corps, and 160 men annually from the enlisted men of the Naval Reserve and Marine Corps Reserve.	May 16, 1947	Public Law 71.
H. J. Res. 167.....	Gavin.....	Service rendered under Selective Service: To recognize and publicly acknowledge the gratitude of the people and the Government of the United States for patriotic service rendered by many uncompensated personnel of the Selective Service System during the war.	June 30, 1947	Public Law 133.

EXHIBIT B

Military and naval appropriations, 80th Cong., 1st and 2d sess.

Act	Military Establishment	Air Corps	Naval Establishment
Military Appropriation Act, 1948, Public Law 267, approved July 30, 1947.....	¹ \$5,482,529,633	(?)	
Supplemental Appropriation Act, 1948, Public Law 271, approved July 30, 1947.....	² 600,045,349		\$16,736,701
Second Supplemental Appropriation Act, 1948, Public Law 299, approved July 31, 1947.....	350,000		
First Deficiency Appropriation Act, Public Law 46, approved May 1, 1947.....	766,201,375		17,740,726
Navy Department Appropriation Act, 1948, Public Law 202, approved July 18, 1947.....			³ 3,208,766,100
Third Supplemental Appropriation Act, 1948, Public Law 393, approved Dec. 23, 1947.....	⁴ 340,000,000		
Total, 80th Cong., 1st sess.....	7,189,126,357		3,303,243,627
Military Functions Appropriation Act, 1949, Public Law 766, approved June 24, 1948.....	⁵ 5,808,607,162	\$896,811,000	
Department of the Navy Appropriation Act, 1949, Public Law 753, approved June 24, 1948.....			3,749,059,250
First Deficiency Appropriation Act, 1948, Public Law 519, approved May 10, 1948.....	⁷ 149,083,488		⁸ 2,957,000
Supplemental National Defense Appropriation Act, 1948, Public Law 547, approved May 21, 1948.....	25,900,000	⁹ 608,100,000	¹⁰ 315,000,000
Foreign Aid Appropriation Act, 1949, Public Law 793, approved June 28, 1948.....	¹¹ 1,300,000,000		
Second Deficiency Appropriation Act, 1948, Public Law 785, approved June 25, 1948.....	32,700,000		¹² 51,337,200
Total, 80th Cong., 2d sess.....	7,316,290,650	1,504,911,000	4,118,353,450

¹ In addition, contract authorizations totaling \$454,000,000.² Air Corps funds in this act included in Military Establishment total.³ Includes \$600,000,000 "Government and relief in occupied areas."⁴ In addition, contract authorizations totaling \$248,000,000.⁵ For "Government and relief in occupied areas."⁶ In addition to Department of the Army, this act includes funds for the Department of the Air Corps, which are shown in column 2, and also funds for Office of Secretary of Defense, National Security Council, and National Security Resources Board, which are included in the total under Military Establishment, column 1. In addition, includes for Department of the Army, contract authorizations totaling \$220,000,000.⁷ Includes \$143,000,000 for "Government and relief in occupied areas."⁸ In addition, contract authorizations totaling \$4,100,000 with authority to liquidate such contracts out of balances on hand.⁹ In addition, contract authorizations totaling \$1,687,000,000.¹⁰ In addition, contract authorization totaling \$588,000,000.¹¹ For "Government and relief in occupied areas."¹² In addition, contract authorizations totaling \$50,000,000.

Recapitulation

	80th Cong., 1st sess.	80th Cong., 2d sess.	Total
Military Establishment.....	¹ \$7,189,126,357	² \$7,316,290,650	¹² \$14,505,417,007
Air Corps.....	(?)	⁴ 1,504,911,000	⁴ 1,504,911,000
Naval Establishment.....	³ 3,303,243,527	⁶ 4,118,353,450	⁸ 7,421,596,977
Grand total.....	10,492,369,884	12,939,555,100	23,431,924,984

¹ In addition, \$454,000,000 contract authorizations.² In addition, \$220,000,000 contract authorizations.³ Air Corps funds included in the Military Establishment figures of \$7,189,126,357.⁴ In addition, contract authorizations of \$1,687,000,000.⁵ In addition, \$248,000,000 contract authorizations.⁶ In addition, \$642,100,000 contract authorizations.

CURRENT STATUS AND HISTORICAL REVIEW OF THE POWER CONTRACTS—COST OF POWER—PRIMARY CONTRACTORS—WITHDRAWAL RIGHTS OF THE STATE OF NEVADA FROM HOOVER (BOULDER) DAM—AND OF THE BASIC MAGNESIUM PLANT LOCATED AT HENDERSON, NEV.

Mr. MALONE. Mr. President, the great interest in the seven Colorado River Basin States regarding the current status of the water and power rights and development prompts me to request unanimous consent to insert in the RECORD at this point the recommendations, conclusions, and a summary of the facts pertaining to the status of the electric power

leases, withdrawals, and costs at Hoover—Boulder—Dam; also the current status of the Basic Magnesium plant located at Henderson as determined by the Subcommittee on Basic Magnesium of the Special Senate Committee to Investigate the National Defense Program.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

BASIC MAGNESIUM PLANT DISPOSAL

(Joint report of the Subcommittee on Basic Magnesium Plant of the Special Committee to Investigate the National Defense Program and the Surplus Property Subcommittee of the Committee on Expenditures in the Executive Departments pursuant to S. Res. 75, March 1947)

Special Committee to Investigate the National Defense Program: Owen Brewster, Maine, chairman; Homer Ferguson, Michigan; Joseph R. McCarthy, Wisconsin; John J. Williams, Delaware; George W. Malone, Nevada; Harry P. Cain, Washington; Carl A. Hatch, New Mexico; Claude Pepper, Florida; J. Howard McGrath, Rhode Island; Herbert R. O'Connor, Maryland

Committee on Expenditures in the Executive Departments: George D. Aiken, Vermont, chairman; Homer Ferguson, Michigan; Bourke B. Hickenlooper, Iowa; John W. Bricker, Ohio; Edward J. Thyne, Minnesota; Joseph R. McCarthy, Wisconsin; Irving M. Ives, New York; John L. McClellan, Arkansas; James O. Eastland, Mississippi; Clyde R. Hoey, North Carolina; Glen H. Taylor, Idaho; A. Willis Robertson, Virginia; Herbert R. O'Connor, Maryland

Subcommittee on Basic Magnesium of the Special Committee to Investigate the National Defense Program: Homer Ferguson, Michigan, chairman; Joseph R. McCarthy, Wisconsin; George W. Malone, Nevada; Carl A. Hatch, New Mexico; Herbert R. O'Connor, Maryland; George Meader, counsel

Subcommittee on Surplus Property of the Committee on Expenditures in the Executive Departments: Homer Ferguson, Michigan, chairman; Bourke B. Hickenlooper, Iowa; Joseph R. McCarthy, Wisconsin; John L. McClellan, Arkansas; Herbert R. O'Connor, Maryland; Miles N. Culehan, counsel

(Letter of transmittal)

WASHINGTON, D. C.

HON. OWEN BREWSTER,
Chairman, Special Committee To Investigate the National Defense Program, United States Senate,
Washington, D. C.

HON. GEORGE D. AIKEN,
Chairman, Committee on Expenditures in the Executive Departments, United States Senate,
Washington, D. C.

GENTLEMEN: There is transmitted herewith to the Special Committee to Investigate the National Defense Program and the Committee on Expenditures in the Executive Departments a report of the Joint Committee of the Subcommittee on Basic Magnesium of the Special Committee to Investigate the National Defense Program and the Subcommittee on Surplus Property of the Committee on Expenditures in the Executive Departments concerning the management and operation and prospects of disposal of the Basic Magnesium plant at Henderson, Nev. This report incorporates the findings and recommendations by the joint committee as the result of the hearing.

Sincerely yours,

HOMER FERGUSON,
Chairman, Subcommittee on Surplus Property of the Committee on Expenditures in the Executive Departments and Subcommittee on Basic Magnesium of the Special Committee to Investigate the National Defense Program.

INTERIM REPORT ON THE BASIC MAGNESIUM PLANT AT HENDERSON, NEV.—INTRODUCTION

Early in 1947, Senator GEORGE W. MALONE (Republican, Nevada) recommended that the Special Senate Committee Investigating the National Defense Program conduct an investigation of the Basic Magnesium plant at Henderson, Nev. Senator MALONE urged that both the efficiency of operation of the plant and the deficit in the operation of the plant at the expense of the United States taxpayers, together with the apparent delay in securing firm contracts for Hoover Dam low cost power for use at the plant, be explored, as well as the possibilities of the disposal of this \$140,000,000 war investment to the best interests of the State of Nevada, the Southwest, and the United States at a whole.

Five-man subcommittee

Accordingly, in February, a five-man subcommittee of the Special Senate Committee Investigating the National Defense Program was appointed to exercise the jurisdiction of the committee in the investigation of certain aspects of the management and operation of the Basic Magnesium plant. It was understood that this subcommittee would work in conjunction with the standing Subcommittee on Surplus Property of the Senate Committee on Expenditures in the Executive Departments. It will be noted that the membership of the two subcommittees is identical with respect to three of the members of each subcommittee.

This investigation was preceded by two other investigations by Senate committees; early in the war, the Special Senate Com-

mittee Investigating the National Defense Program—and under the chairmanship of Senator, now President Truman—through a Subcommittee on Light Metals and Aircraft—under the chairmanship of the then Senator Mon C. Wallgren, now Governor of the State of Washington—conducted an investigation into the construction of the Basic magnesium plant at Henderson, Nev., and its operation by Basic Magnesium, Inc. That investigation culminated in a report, filed later as a part of the Committee's Report on Magnesium, filed with the Senate on March 13, 1944, as Report No. 10, part 17, of the Seventy-eighth Congress.

In November 1944, shortly after all production of magnesium had ceased, but while the plant was still producing large quantities of chlorine, badly needed for the war effort, a Subcommittee of a Special Committee to Investigate Industrial Centralization, established pursuant to Senate Resolution 190 of the Seventy-eighth Congress, held hearings in Las Vegas, Nev. This subcommittee was under the chairmanship of Senator PAT MCCARRAN, of Nevada, and its hearings are reported as part 5 (Nov. 27 and 28, 1944), of the hearings of that special committee. No report of this subcommittee was filed, but it is apparent from the hearings that the committee was concerned about the possible postwar commercial use of the plant.

Basic Magnesium subject of committee interest

It is thus apparent that almost from its inception the Basic Magnesium plant has been the object of special interest on the part of the United States Senate. The joint subcommittees (hereinafter referred to as the Committee) of the Special Senate Committee Investigating the National Defense Program and the Senate Committee on Expenditures in the Executive Departments, of course, expected that administrative agents would use due diligence in protecting the interests of the Government in all of their activities. However, there can be no excuse for failure to act diligently and effectively with respect to the Basic Magnesium plant on the ground that it was not called to the attention of the administrative agents having functions to perform with respect thereto. This plant has been in the spotlight of congressional attention from its beginning. This fact should have constituted notice to all administrative personnel that an accounting would be expected of the discharge of their functions.

Hearing dates

In addition to the investigative work and the assembling of facts on the part of the staffs of both subcommittees, joint public hearings were held as follows: May 29, 1947, Washington, D. C.; June 24, 1947, Washington, D. C.; June 25, 1947, Washington, D. C.; August 21, 1947, Las Vegas, Nev.; August 22, 1947, Las Vegas, Nev.; January 5, 1948, Las Vegas, Nev.

The purpose of this report is to make available to all concerned a summary of the facts developed in the committee's investigation, together with a statement of conclusions and recommendations, which, in the judgment of the committee, based upon the facts it has developed, will serve the best interests of the country in any future final disposition to be taken with respect to the Basic Magnesium plant.

The purpose of the hearings was to develop the facts with respect to the management and operation of the Basic Magnesium plant and the housing development adjacent thereto, as well as the present status of plans for the disposal of the Government's interest in these facilities.

RECOMMENDATIONS

The amount of low-cost power available for industrial use within the Hoover (Boulder) Dam area—and the conditions surrounding its use, will determine not only the

ultimate value of the Basic Magnesium plant facilities—but also the industrial value of the entire area to the State of Nevada, the Southwest and to the Nation.

The necessary transportation, industrial, and domestic water supply and many of the raw materials are available.

In the interest of efficiency of operation, and to secure the maximum benefit to the Nation as a whole, the State of Nevada, and the southwestern area, the joint committee recommends:

1. That the Basic Magnesium plant be disposed of to private industrial operators at the earliest possible time for the reasons: First, that the property may remain upon the tax rolls of the county and State of Nevada (now approximately \$102,000 annually); and, second, in the interest of efficient operation. Experience has demonstrated that neither the Federal Government nor a State can operate such industrial enterprises efficiently; that they become political footballs; and that the net result is an unhappy condition for all concerned when such operation is attempted. The committee is convinced, from the information developed during the hearings, that such disposal can be made almost immediately when the Colorado River Commission of Nevada has made the necessary arrangements for the availability of industrial power under the proper conditions.

2. That the Colorado River Commission apply for and secure a minimum of one-third of the electrical energy to be generated at the Davis Dam, now under construction on the Colorado River approximately 50 miles below Hoover (Boulder) Dam, to be utilized in conjunction with Hoover Dam power. This power can then be utilized in conjunction with the Hoover Dam power in the proportion of about 2 to 1—that is, 1 kilowatt-hour from Davis Dam to 2 kilowatt-hours from Hoover Dam—thereby providing reciprocal stand-by power and automatically eliminating the necessity for the purchase of such stand-by energy. The Congress has already appropriated the necessary funds for the construction of the transmission line from Davis Dam to the Basic Magnesium plant area.

3. That the two power transmission-line systems connecting Hoover Dam to the Basic Magnesium plant (now the property of the War Assets Administration) be transferred to the Bureau of Reclamation which is constructing and will operate the Davis Dam transmission lines.

With the Bureau operating both transmission systems in conjunction in a manner to provide reciprocal stand-by power, the cost of purchasing such additional stand-by power will be almost entirely eliminated.

Under no foreseeable conditions should the Hoover Dam-Basic Magnesium transmission lines be delivered to a separate agency or company—since the result could easily be an additional service charge.

4. That the Colorado River Commission take over the generator at Hoover Dam known as N-7 generator—which was installed during World War II for the purpose of furnishing power belonging to the State of Nevada and other contractees to the Basic Magnesium plant for the manufacture of magnesium for war purposes.

5. That since the Colorado Commission of Nevada is the sole agent of the State of Nevada in the withdrawal of the electrical energy allotted to the State, the commission determine at the earliest possible date the rate per kilowatt-hour that such electrical energy will be available to prospective users in order that sale of and the full use of the plant may be expedited.

6. That legislation be introduced in the Congress of the United States for the purpose of allocating to the United States-Mexico-Colorado water treaty that part of the cost of Davis Dam regulatory storage properly chargeable to and guaranteed to be furnished by the international treaty.

At the present time the entire cost of the Davis Dam water storage necessary to make the treaty effective is charged to power and will be paid for by the power users of that particular area. The cost of the combination Hoover-Davis Dams firm electrical energy delivered to the Basic Magnesium plant should be approximately 3 mills per kilowatt-hour—this rate would then be reduced by whatever amount of the cost of Davis Dam regulatory storage is found to be properly chargeable to the United States-Mexico international treaty, and should have a considerable effect upon the industrial feasibility within the area.

7. That the War Assets Administration continue watching closely the cost of administration. Since the cost of such administration has been reduced from a net loss of nearly \$200,000 per month at the first hearing date, May 1947, to approximately \$3,000 on January 4, 1948, the date of the final hearing, it is believed that the project can be operated upon a paying basis with the present power users and when additional power is sold a profit should be realized.

8. That little difficulty will be experienced in disposing of the basic magnesium units for private industrial purposes when the Colorado River Commission and the War Assets Administration carry through the above recommendations—and the firm power is available to such industrialists at approximately 3 mills per kilowatt-hour—and while there has been unusual delay in such procedure, the committee strongly recommends that the units be transferred to private industry at the earliest possible date so that the property may remain on the tax roll and also be operating and available for emergency work.

These eight recommendations embody, for the most part, the preliminary recommendations made to the War Assets Administration following the first hearing in May 1947.

CONCLUSIONS

1. The wartime power contract covering the generator N-7, while it may have been justified under the exigencies created by the emergency, was certainly a bad contract from a long-range point of view, and has left the Government in a position of being required to make substantial payments until 1966 and receiving nothing in exchange therefor since 1945. Since it is probable that some power contracts will be entered into in the future to supply the plant, the committee earnestly recommends that the lesson to be learned from the wartime contract not be forgotten and that the same pitfalls be avoided.

2. There has been unjustifiable procrastination and delay on the part of administrative agencies—primarily Defense Plant Corporation and Reconstruction Finance Corporation—in taking steps to dispose of the Basic Magnesium plant, representing an investment of \$140,000,000 of taxpayers' money for war purposes. In March 1944, when the plant was producing at its peak rate of 120,000,000 pounds of magnesium annually (112 percent of rated capacity), it was clear, first, that the plant would not be needed for magnesium production, either for the war or for postwar peacetime production, and, second, that it would have to be disposed of either as a going concern for postwar uses other than magnesium production or salvaged by dismantling and sale of the usable fixtures and personal property and either sale or abandonment of the residue. Although adequate power and authority at all times existed in the administrative agencies to take steps for disposal, no effective action was taken. The committee was amazed to learn that even at the date of hearings Reconstruction Finance Corporation was still in the process of taking an inventory, no steps had been taken to arrange for low-cost firm power, an accounting for the cost of operation was still incomplete, and no written leases were

in effect. The committee was further amazed to learn that War Assets Administration apparently was not cognizant of the fact that the State of Nevada had a withdrawal privilege on a large amount of firm power at cost at the switchboard.

3. The interests of the taxpayers were disregarded in the failure of the administrative agencies. Defense Plant Corporation and Reconstruction Finance Corporation, until February 1, 1947, and War Assets Administration subsequent to that date and up until the time of the committee's investigation and hearings, to take effective action toward efficient and economical operation of the plant in semistand-by condition which has resulted in a net direct operating loss to the taxpayers estimated to be from one million to two and one-half million dollars annually. The committee is gratified that the War Assets Administration, after first taking the position that it was impossible to reduce the net operating losses at the Basic Magnesium plant, now estimates that as of September 1947 the net operating deficit will be reduced to the rate of \$25,000 monthly.

4. The committee recommends that the disposal of the townsite be considered as an integral part of the whole problem and that no disposal thereof should be made which would interfere with or hinder the ultimate solution to the entire problem. The testimony of the witnesses as to the effect of the sale of the townsite independently, and the recommendations of the Industrial Research Corporation on the disposal of the town site should be carefully weighed by the responsible officials before a decision is reached and action is taken.

5. The committee is of the opinion that the suggested acquisition by the State of Nevada is unsound for several reasons. First of all, the evidence seems to clearly indicate that the State is not in a financial position to either acquire the plant or to underwrite the maintenance loss which might occur. Second, it is questionable whether the State ought to risk public funds in a speculative profit-making or loss-taking enterprise. Third, experience has shown that publicly operated enterprises of the character ordinarily handled by private capital have not been outstanding successes, and fourth, the committee feels that it is not necessary for the State to engage in this private business activity in order to accomplish the real benefits for this State in which it does have an intense interest, namely, the development of industry within its borders which would enhance the wealth of the State and employment of its citizens.

6. The committee is of the opinion that the best disposal plan presented is multiple occupancy of the plant with retention of central control of utility services in one responsible authority at least until it may be possible to dispose of these utilities to all of the plant occupants jointly. It is, of course, essential that disposal of individual units of the plant should not in any way interfere with complete utility service to the entire plant since such a disposal would defeat the ultimate goal.

7. It is apparent to the committee that low-cost firm power is an absolute essential to the successful disposal of the plant. No source of low-cost firm power seems available other than the State of Nevada, and therefore, immediate steps should be taken ultimately to secure such low-cost power from the State. The committee feels that a certain synchronization of action is essential in the matter of securing this power, since it requires 3 years for Nevada to withdraw sufficient power, it also requires approximately 3 years to install additional generating facilities and the State of Nevada cannot withdraw its share of power until it is guaranteed against loss by bond from its proposed consumer. The committee further recommends that immediate action be taken to secure an interim power contract, in order

to provide a source of power during the period which will be required for Nevada to get its power, and that such contract should of course contain the most favorable terms possible, and certainly terms more favorable than in the previous power contracts. The committee recommends that serious consideration be given to the possibility of tying in Davis Dam power when available in order to have standby power to prevent power shut-downs. In the negotiations for interim power it should be understood that the contract will in no way interfere with, or increase the time required for Nevada's withdrawal of power, since this would defeat the very purpose desired. The committee feels that whatever steps possible should be taken to secure for the State of Nevada the power generated by N-7, since the Government is liable for the amortization payments on this unit until 1966 and this would seem to be an equitable solution to this situation. In any event, if this is not possible, a serious effort should be made to secure an increase in the rate of payment made for the use of N-7, in order to reduce the present loss being sustained by the Government. If it is possible, under all of the circumstances, the committee recommends that serious consideration be given to the transfer of the transmission facilities owned by the Government to the Bureau of Reclamation.

8. War Assets Administration has taken the position that the appraisal and utilization study made by the Industrial Research Corporation should remain confidential and for the sole use of War Assets Administration. This position seems to be based upon the belief on the part of War Assets Administration officials that if the information contained in the report was available to prospective tenants or customers of War Assets Administration, War Assets Administration would be unable to negotiate a bargain as favorable for the Government as it could if the report were withheld. The committee disagrees on grounds of policy with War Assets Administration in this regard. With possible exceptions which the committee cannot now foresee, the committee believes that all information in the possession of the Government bearing upon the desirability, feasibility or profitability of a transaction with the Government should be available to individuals and corporations desiring to transact business with the Government. Whatever may be the proper attitude with respect to transactions in private enterprise, the committee believes that public property should be dealt with openly and with full knowledge available to all prospective customers and not by concealment of facts bearing either upon the economic soundness of the enterprise or the price to be paid. Accordingly, the committee recommends that the industrial survey report be made public and available to all who may be interested in its contents.

9. The committee is impressed with the possibility of disposing of the Basic Magnesium plant as a going concern to actual operators and avoiding any Federal or State operations where taxes are lost to the State and inefficient operation is inevitable. The rapid expansion in population and the industrial development in the Southwest has a tendency to interest the establishment of production facilities either by new companies or by existing companies whose production operations have heretofore been concentrated in the East. The establishment of an electrochemical or electrometallurgical center with the Basic Magnesium plant as its nucleus seems, to the committee on the evidence before it, to be feasible. The committee has been informed that several large and well-established chemical companies intend to establish operations near the southwestern market. The unfortunate and, so far, unsolved so-called "smog" condition in the Los Angeles area has caused such

companies to hesitate to invest large sums of money in establishing new facilities in the Los Angeles area. Henderson, Nev., being approximately 335 miles by rail from Los Angeles, is one possible desirable location for electrochemical and electrometallurgical companies desiring to serve the southern California market. In estimating costs and ability to compete, the primary unknown factor is the cost of power, which is one of the basic elements of cost in the electrochemical and electrometallurgical industry. An assurance of low-cost power might offset a disadvantage in other elements of cost which would induce companies to locate at Henderson, Nev., in the Basic Magnesium plant. The benefit to the State of Nevada, whose population is approximately 150,000, and which is practically devoid of manufacturing or industrial operations, would be tremendous. The benefit to the United States as a whole, resulting from a development of a hitherto undeveloped area and in the dispersal of industrial operations and in the realization of a substantial return from a large war asset, would, likewise, be tremendous. The committee, therefore, believes that the possibilities of disposing of the Basic Magnesium plant as a going concern should be fully and effectively explored and exploited. Nevertheless, the committee believes that against the above-stated desirable objective must be carefully weighed the continuation of large operating losses, and for that reason urges War Assets Administration to intensify its effort to dispose of the Basic Magnesium plant as a going concern and come to a conclusion as speedily as possible to the end that, if disposal as a going concern is not achievable, salvage operations can be commenced without undue delay.

A SUMMARY OF THE FACTS PERTAINING TO ELECTRICAL ENERGY

1. That the availability of low-cost power will determine the value of the Basic Magnesium plant. Such low-cost power might well mean the difference between the scrap value of the plant and its value as a going concern in the manufacture of chemical, electrochemical and electrometallurgical products, as well as other material peculiarly fitted to that area.

2. That the State of Nevada has a withdrawal privilege on approximately 750,000,000 kilowatt-hours per annum of electrical energy from Hoover Dam under special conditions more particularly outlined under the contracts between the Secretary of the Interior and the primary allottees of the power from the dam. More specifically, the State of Nevada and the State of Arizona are each entitled to 17.6259 percent of the firm power generated at the dam.

The cost of such power so withdrawn at the dam based upon 1947 costs would be 1.22 mills per kilowatt-hour for "falling water" plus the generating cost equalling approximately a total of 2 mills per kilowatt-hour at the switchboard.

3. That it is necessary that interim power be secured for the use of tenants at the Basic Magnesium plant during the period required to secure Nevada's allocation of power direct from Hoover Dam. The time delay is from 6 months to 3 years, depending upon the amount of electrical energy applied for.

4. That upon proper application, Nevada could become the user of at least one-third of the power to be generated at Davis Dam which would amount to approximately 300,000,000 kilowatt-hours of electrical energy. Such energy will be available about the year 1950-51 which coincides with the time required to withdraw the State's allocation of power from Hoover Dam. Such an allocation of power would amount to 1,050,000,000 kilowatt-hours of electrical energy available to the State of Nevada from the two sources.

5. The Eightieth Congress appropriated money for approximately 70 miles of trans-

mission lines between Davis Dam and Hoover Dam. The Hoover Dam power plant now has transmission lines running to the Basic Magnesium plant. If the above-projected transmission line from Davis Dam should be constructed to the Basic Magnesium plant and then connected with the two circuits already constructed from Hoover Dam to the Basic Magnesium plant, there would be three independent transmission circuits from two independent sources of power which is considered, from a construction standpoint, an exceptionally safe arrangement, needing little if any stand-by power.

6. With the above three independent power circuits constituting the power transmission facilities from two independent sources operating under the control of the Bureau of Reclamation which department now controls both dams, the power allocated to Nevada could then be used and operated as reciprocal stand-by power, and little if any stand-by power would be necessary to facilitate or care for the operation of the Basic Magnesium plant facilities.

7. That to coordinate the power from the two sources in the ratio of about 1 kilowatt-hour of energy from Davis Dam to two or more kilowatt-hours of energy from Hoover Dam would result in the right proportions for efficient operation.

8. That the advent of the Davis Dam power upon the completion of that project at about the time the State of Nevada's allocation should be withdrawn from Hoover Dam could well eliminate any penalty for existing transmission lines rendered idle through the withdrawal of Nevada's allocation of electrical energy from Hoover Dam. The Board of Arbitration provided for in existing regulations under the Boulder Dam Project Adjustment Act to pass on inequities, obviates any necessity for delay in such withdrawal.

9. That the Colorado River Commission of Nevada is the legally designated agency that may apply to the Secretary of the Interior to withdraw Nevada's allocation of power, and is authorized to require such arrangements as may be necessary to safeguard the State from loss by the prospective user of such electrical energy.

10. That to assure current operation at the Basic Magnesium plant it is necessary for the Colorado River Commission of Nevada to immediately negotiate with the primary power allottees for such interim power as may be required for the use of tenants pending the availability of the essential part of the State's allocation of electrical energy.

11. That the contract between the Government, the State of Nevada, and the primary allottees for power from Hoover Dam making available a portion of the State of Nevada's share of the power for use at the then new wartime Basic Magnesium plant contained a provision, approved by the State of Nevada, that such power reverted to primary allottees immediately after the war ended.

This proviso placed the State of Nevada in such position that they now must again observe the time limit in withdrawing power for any peacetime operation, and if such proviso were strictly construed with interim power not available it could destroy the usefulness of the Basic Magnesium plant during the 3-year period required to legally withdraw Nevada's allotment of power.

12. That in 1946 a 5-year contract for interim power was entered into with the Southern California Edison Co. and the State of Nevada. In such contract Nevada agreed to relinquish its rights to make an effective withdrawal of Nevada's allocation of power during the life of the contract, thereby effectively preventing the State from utilizing its own low-cost power for an additional 2-year period.

13. That the tenants at the plant are currently paying roughly two and one-half times

the rate per kilowatt hour for power that it costs the Los Angeles Southern California Edison Co. and the bureau of light and power at the dam 10 miles away.

14. That the representatives of the bureau of water and power, and of the Southern California Edison Co. agreed, at the hearings in Las Vegas on August 21, 1947, to recommend to their companies that they enter into negotiations with the Colorado River Commission of Nevada for a new interim power contract pending the availability of Nevada's share of Hoover and Davis Dam power supply.

15. That all evidence showed conclusively that the value of the wartime plant to Nevada, to the Southwest, and to the Federal Government is dependent upon a power supply at a price enough below that available at tidewater so that it can be utilized in the production of the chemical, electrochemical, and electrometallurgical products and other materials—pay the freight to the markets, and leave a margin of profit.

SUPPORTING AND HISTORICAL DATA AS DISCLOSED BY THE RECORD

A permanent and adequate supply of power for industries which might be located in the Basic Magnesium plant requires the making of two arrangements.

First. Generating capacity must be provided in the Boulder power plant so that the State of Nevada can make available power which it has the right to withdraw from use by primary power allottees.

Second. Provision must be made for stand-by capacity so that emergency outages as well as normal outages for inspection and maintenance can be provided for.

The State of Nevada should acquire what is known as the N7 generator installed during the war to furnish power to the Basic Magnesium plant and the cost would be much less than installing a new one—and, in addition, time is an important factor.

An additional new unit in the Boulder plant would cost about \$5,000,000. The annual charges in connection with such a unit will be approximately as follows:

Amortization	\$193,000
Provision for replacements.....	57,700
Operation and maintenance.....	50,000
Total	300,700

In addition to paying the above generating charges, the State of Nevada would also be required to insure the payment of the falling water charges, which at the present time are at the rate of 1.22 mills per kilowatt-hour. On the basis of an annual usage of 400,000,000 kilowatt-hours, the generating charges would amount to approximately .75 mill per kilowatt-hour, or a total cost of 2 mills per kilowatt-hour for power supplied at a high voltage bus at the Hoover power plant before provision is made for stand-by capacity.

Unless an unusually high load factor type of load can be secured for Basic Magnesium, more than 400,000,000 kilowatt-hours per year cannot be practically handled by one additional unit in the power plant, if all of the power is to come from this source. Four hundred million kilowatt-hours is about twice the present usage at Basic Magnesium.

Davis Dam, 1950

With the estimated completion by 1950 of the Bureau of Reclamation's hydroelectric development at Davis Dam, it appears that possibilities for securing an adequate supply of power at Basic Magnesium with stand-by capacity will be present in a manner not heretofore contemplated. With the completion of the Davis plant, the Bureau of Reclamation will undoubtedly find it convenient to arrange for stand-by for that plant and the connected plant at Parker Dam. Ways and means of fully interchanging power from these two Bureau developments with the

Hoover power plant would undoubtedly be advantageous to the Bureau of Reclamation. It would appear, therefore, that some reasonable agreement could be reached whereby both the Bureau of Reclamation and the industries at the Basic Magnesium plant could be provided with stand-by capacity.

Cost of power, Hoover-Davis Dams

The State of Nevada has made application for 200,000,000 kilowatt-hours per year from the Davis Dam. If uses at Basic Magnesium should increase beyond 400,000,000 kilowatt-hours per year to the extent that these 200,000,000 kilowatt-hours from Davis were required, the resulting cost per kilowatt-hour would be somewhat as follows:

400,000,000 from Hoover at 2 mills	\$800,000
200,000,000 from Davis at 4½ mills	900,000
Total for 600,000,000 kilowatt-hours	1,700,000
Average cost per kilowatt-hour	2.83

In the event that the N-7 generator can be secured by the State of Nevada, then the cost of power should be even lower than the 2.83 mills per kilowatt-hour and the time interval should also be reduced.

If a new unit is ordered for Hoover within the next 6 months, however, it is probable that power from that unit will become available about the same time that power is available from Davis Dam.

The Bureau of Reclamation in its request for an appropriation, which has now been granted by Congress, for the fiscal year 1948, included an item for starting construction of a transmission line from Davis Dam to Hoover Dam. That line will now be constructed. With present contemplated deliveries of materials, it is probable that this line will also become available at about the same time that the Davis power plant is completed. Other arrangements necessary to provide a firm source of power must be initiated at an early date if all arrangements are to be effected as outlined.

Assuming that these arrangements will be made, there still remains the question of an interim power supply for the industries at Basic Magnesium for the next 3-year period, or such part of that 3-year period as is required for the withdrawal of the Nevada power. Apparently the only possibility for such a supply lies in suitable arrangements with the southern California allottees of Hoover power. Negotiations for such power supply would be the responsibility of the State of Nevada.

The 1946-47 rate of power from the Hoover power plant covering falling water only was 1.22 mills per kilowatt-hour for the firm power and 0.376 mills per kilowatt-hour for the secondary power.

The generating costs to deliver the power using this falling water and delivering the power to the switchboard would be about three-quarters of a mill per kilowatt-hour. This is for the generating equipment, on about a 60-percent load factor. This cost would be graded down as the load factor goes up.

The transmission lines to take this power from Hoover Dam to the Basic Magnesium plant at Henderson where the power is used, were financed by the Reconstruction Finance Corporation. The equipment at Hoover Dam was installed by the Bureau of Reclamation. The N-7 generator was put in by the Bureau of Reclamation and its cost underwritten until 1966 by the RFC. The 220,000-volt switchyard equipment was put in by the Bureau of Reclamation under the same arrangement. The cost amounted to about \$4,000,000 for the equipment installed by the Bureau only.

Coordinate Hoover-Davis Dam power—Reduce stand-by

In the use, then, of this power, and in coordinating the use of the Davis Dam power with the Hoover Dam power to make the lowest possible rate to the Basic Magnesium plant and to make for full utilization, it is necessary to build this transmission line from Davis Dam to Hoover Dam or to the Basic Magnesium plant.

Three circuits are involved here. Very seldom does any industrial establishment have three circuits available and also a source of stand-by furnished by a coordination of supply from two sources. That should provide for the lowest possible cost for power and highest guaranty of continuity of delivery.

It was important in this hearing to make a determination how low-cost firm power could be made available on long-term contracts because there now exists a demand for such power, and the possibility of an oversubscription in the next few years. If such oversubscription should become a fact there is the future prospect of another development upstream commonly known as the Bridge Canyon, so it appears that there is a never-ending source of power development on the Colorado River if properly coordinated.

The transmission lines from Hoover Dam to the Basic Magnesium plant are about 12 miles long, and the contemplated power line from Davis Dam will be approximately 70 miles in length. The Bureau of Reclamation will control and operate the 230-kilovolt transmission line from Davis Dam to the Basic Magnesium plant. At present there are also two kilovolt circuits to Hoover Dam which were constructed by the RFC, and included with this equipment are three banks of transformers of 75,000 kilovolts each, which cost about \$400,000 each. This expensive equipment requires very specialized technique in its care and use.

There are, therefore, two reasons why these transmission lines could appropriately be turned over to the Bureau of Reclamation by the RFC to operate in connection with the other transmission line from Davis Dam. They could be operated at a minimum of cost because the Bureau of Reclamation is now equipped and properly staffed to operate. They have had some 40 years of experience in building and operating such equipment and the training of men therefor. In the event of break-downs they have the available equipment for replacement and by over-all control have the facilities to coordinate the power from the various installations on the Colorado River.

If the present owning or operating agency should turn control of these lines over to the Bureau of Reclamation, any transmission charges from Hoover Dam to the Basic Magnesium plant might be eliminated; at least any cost that did arise would not be chargeable to the Colorado River Commission or the State of Nevada. If any charges did arise, they would rightfully belong to the Bureau of Reclamation.

The Bureau of Reclamation has the duty to coordinate the use of all available power supply on the Colorado River, not only as to Hoover Dam but as to Davis Dam also upon its completion, to Parker Dam, as will also be the case if Bridge Canyon is constructed in the future. With the Bureau's general control, they then are in a better position than any other agency to allocate and control any incidental costs that might arise.

Hoover Dam

The Federal Government has followed a long-adopted principle by publicly financing irrigation districts in disposing of the power generated by their projects—and leased the use of the water released through the dam to municipalities and power companies for the generation of power. Such was the case in the building of the Hoover Dam.

The Black Canyon (Hoover) Dam is 727 feet high, its crest length is 1,282 feet. Its thickness is 45 feet at the top and 660 feet at the base. Lake Mead, the reservoir formed back of the dam, is 115 miles long and has an area of 146,500 acres and stores 32,359,274 acre-feet of water. The ultimate expected installations will require for driving the generators fifteen 115,000 horsepower and two 55,000 horsepower vertical hydraulic turbines. The generator equipment will comprise eleven 60-cycle and four 50-cycle units, each rated 82,500 kilowatts, two 60-cycle 40,000 kilowatt generators and two 2,400 kilowatt house generators driven by two 3,500 horsepower Pelton water wheels which will provide station-service energy. The main turbines each exceed in capacity the largest previously manufactured units; namely the 90,000 horsepower units built for the Dnieprostroy plant in Russia.

On January 1, 1947, twelve of the 82,500 kilowatt and one of the 40,000 kilowatt units had been installed. When the plant is complete the total installed capacity, including house units, will be 1,332,300 kilowatts.

Boulder Canyon project

The Boulder Canyon Project Act (H. R. 5773) became law in December 1928. It was put into effect by public proclamation in June 1929, and the contract for construction of the dam, powerhouse and incidental works was awarded in April 1931, by the Secretary of the Interior, Ray Lyman Wilbur, the Government's agent under the act, after securing firm contracts from the sale of power and water to repay the cost with interest over a 50-year amortization period. The dam and appurtenant works required 5 years to construct and the first power was generated in October 1936.

The principal features of the original act pertaining to the generation of electric power were as follows:

The Government would install power units as required by purchasers; 50-year contracts, subject to readjustment at the end of 15 years and each 10 years thereafter, all to be entered into by the Secretary of the Interior with States, municipalities, corporations, political subdivisions, and private companies for the sale (or lease) of water or electric energy at rates adequate in his judgment to assure payment of all expenses of operation and maintenance of the dam, power plants, and appurtenant structures, and the repayment to the United States, within 50 years from the date of completion, of the cost, plus interest at 4 percent (the cost of the generating machinery plus 4 percent compound interest to be repaid the Government in 50 yearly installments); the ownership of the property to remain forever vested in the United States.

Advances were made by the Secretary of the Treasury for construction and were to be limited to \$165,000,000; \$70,000,000 to the dam, \$38,000,000 for power plants, \$38,500,000 for the All-American Canal, and \$17,700,000 for interests during construction. Final costs are not yet available.

Expenditures for the canal are to be repaid by the land benefited as provided under the Reclamation Act, and \$25,000,000 of the total expenditures are allocated to flood control repayable out of 62½ percent of the revenues in excess of those required for operating and maintenance expenses, interest, and amortization as described above.

In June 1930 Secretary Wilbur announced that contracts had been signed for leases of the falling waters on the basis of firm electric power at the rate of 1.63 mills per kilowatt-hour, a rate sufficient to provide revenues in accordance with the requirement of the act.

Contracts and dates

The original Boulder Canyon Project Act was approved December 21, 1928. The power

contracts entered into under the original act were as follows:

Lease of power privilege, United States, city of Los Angeles, and Southern California Edison Co., dated April 26, 1930, as amended September 23, 1931.

Contract for electric energy, Metropolitan Water District, dated April 26, 1930, as amended May 31, 1930.

Contract for electric energy, the Los Angeles Gas & Electric Corp., dated November 12, 1931.

Contract for electric energy, Southern Sierras Power Co., dated November 5, 1931.

Contract for electric energy, city of Pasadena, dated September 29, 1931.

Contract for electric energy, city of Glendale, dated November 12, 1931.

Contract for electric energy, city of Burbank, dated November 10, 1931.

In addition to this, a contract was entered into with the State of Nevada for initial delivery of energy to the customers of the State, such as Southern Nevada Power Co. and Lincoln County Power District No. 1:

Schedule of allocations

	Percentage of total firm energy
State of Nevada.....	18.0
State of Arizona.....	18.0
Metropolitan Water District.....	36.0
City of Los Angeles.....	14.9054
Southern California Edison Co.....	7.2
Southern Sierras.....	.9
Los Angeles Gas & Electric.....	.9
City of Burbank.....	.5896
City of Glendale.....	1.8867
City of Pasadena.....	1.6182

In the event the State of Nevada or Arizona would not use the total amount allocated to it, the city, the Southern California Edison Co., Los Angeles Gas & Electric Corp., and Southern Sierras Co. agreed to take and/or pay for the amounts unused by the States in the ratio of 50 percent, 40 percent, 5 percent, and 5 percent, respectively. The total firm energy declared available at the time of beginning operations was 4,330,000,000 kilowatt-hours per year, diminishing annually by 8,760,000 kilowatt-hours. After the project was repaid with 4 percent interest each of the States of Arizona and Nevada was to receive 18 1/2 percent of such excess revenues and the balance was to be kept in a separate fund to be expended within the Colorado River Basin, as prescribed by Congress.

Rates: The primary allottees agree to pay 1.63 mills per kilowatt hour for firm energy and 0.5 mill per kilowatt-hour for secondary energy delivered at transmission voltage at Hoover Dam. Rates were subject to readjustment, upward and downward, as the Secretary would find justified by competitive conditions at distributing points for competitive centers.

Major features of lease: The power plant would be operated (under general supervision of a director appointed by the Secretary) by the city and the Southern California Edison Co. as lessees. Allottees would compensate the United States for the use of the leased machinery and equipment installed in the power plant, maintain in operating condition, and provide for repairs and replacements. The compensation for the use of machinery was to be based on repayment within 10 years with interest at 4 percent.

BOULDER CANYON PROJECT ADJUSTMENT ACT OF 1940

The principal items of the Boulder Canyon Project Act pertaining to the generation and sale of electric power have been, to a large extent, revised under the Boulder Canyon Project Adjustment Act of 1940.

Allocations and contracts

In conformity therewith and pursuant thereto, many contracts have been entered

into by allottees and users of electrical energy, and following is a list of contracts now in existence:

Power contract, Metropolitan Water District, dated May 29, 1941.

Power contract, Nevada-California Electric Corp., dated May 29, 1941.

Power contract, State of Nevada, dated May 29, 1941.

Power contract, city of Burbank, dated May 29, 1941.

Power contract, city of Glendale, dated May 29, 1941.

Power contract, city of Pasadena, dated May 29, 1941.

Power contract, Arizona Power Authority, dated November 23, 1945.

NOTE.—The city of Los Angeles purchased the Los Angeles Gas & Electric Corp. and acquired its rights of that party to Boulder contracts. The Southern Sierras Co. changed names to Nevada-California Electric Corp.

The allocations under the Boulder Canyon Adjustment Act changed slightly to account for the 50,000,000 kilowatt-hours that were allocated to the city of Los Angeles and the percentages resulted as follows:

	Percent
State of Nevada.....	17.6259
State of Arizona.....	17.6259
Metropolitan water district.....	35.2517
City of Burbank.....	.5773
City of Glendale.....	1.8475
City of Pasadena.....	1.5347
City of Los Angeles.....	17.5554
Southern California Edison Co.....	7.0503
California Electric Power Co.....	.3813

The city of Los Angeles, the Southern California Edison Co., and the Nevada-California Electric Corp. continued to be obligated to take and/or pay for any allocation of the State of Nevada or Arizona unused by either in the following ratio of 55 percent, 40 percent, and 5 percent, respectively.

Rates: Firm and secondary energy

Rates are readjusted annually to account for actual costs of operation and maintenance, availability of secondary energy, and other miscellaneous items, with the following resulting energy rates:

Year of operation	Firm energy rates	Secondary energy rates
	Mills per kilowatt-hour	Mills per kilowatt-hour
June 1 to May 31—		
1937-38.....	1.163	0.340
1938-39.....	1.163	.340
1939-40.....	1.163	.340
1940-41.....	1.163	.340
1941-42.....	1.163	.340
1942-43.....	1.172	.345
1943-44.....	1.190	.357
1944-45.....	1.254	.398
1945-46.....	1.244	.392
1946-47.....	1.220	.375
1947-48.....	1.277	.413
1948-49.....	1.343	.454

STATUS OF THE BASIC MAGNESIUM PROJECT, JULY 14, 1948

Subsequent to the investigations and preliminary report of the special subcommittee, which included hearings in Washington, D. C., and in Las Vegas, Nev., through 1947 and January 1948, the Colorado River Commission of Nevada has informed members of the subcommittee that the three principal recommendations of the subcommittee had been adopted and were being put into effect:

1. That the Colorado River Commission had applied for one-third of the power to be generated at Davis Dam—65,000 to 70,000 kilowatts of electrical energy—to be utilized in conjunction with Hoover Dam power.

2. The second letter of intent to the Colorado Commission of Nevada from the War Assets Administration to transfer the Basic Magnesium plant to the State of Nevada contained a provision (section 21) that the

transfer of the property to the State "shall be made subject to the agreement to permit the Bureau of Reclamation of the Department of the Interior to negotiate for the acquisition of the entire transmission system." Congress included the necessary provisions in the 1948 appropriation legislation to transfer the Bureau.

3. That the Colorado River Commission had arranged to take over the N7 generator at Hoover Dam—and that the Commission had applied for the State of Nevada's allotment of power so that within a minimum of time the commission could make firm contract commitments to industrialists and prospective users of power at a definite rate per kilowatt-hour and horsepower year in accordance with the load factor and pertinent contract features.

The proper proportion of the cost of construction of the Davis Dam properly chargeable to the international water treaty between Mexico and the United States through the necessity of reregulation of the Colorado River water supply is now being computed and I will introduce the proper legislation in the United States Senate in the Eighty-first Congress in 1949 as announced earlier this year.

Practically the entire capacity of the Davis Reservoir as now designed would have been necessary for reregulation in any case according to the information now available so that with the proper legislation the cost of Davis Dam power be materially reduced.

State ownership

The subcommittee of the national defense committee recommended that the Basic Magnesium plant be sold and transferred direct to private industrialists, which would have been a very simple matter if the Colorado River Commission of Nevada had been in position to have made contracts for a firm power supply at a stipulated cost within the range of feasibility for such industrial uses within the area. However, since the commission had not made the necessary arrangements to enter into such contracts, and since the War Assets Administration has transferred the plant to the State of Nevada through a letter of intent and acceptance procedure, I intend to cooperate with the Governor of Nevada, who is chairman of the commission, in every possible way to further the success of the undertaking.

Through transfer to the State the approximately \$102,000 annual taxes have been lost to the State and county—and past experiences with State ownership and operation of large industrial enterprises have not been happy.

The investigation and hearings by the subcommittee disclosed there is little doubt that the plant units can be disposed of in a very profitable manner when the Colorado River Commission has completed its work in connection with the proper withdrawal and coordination of the low-cost power supply necessary for the operation of the units.

The work of the commission in this connection should be diligently pursued toward the objective of disposal of the plant units to private industry and return to the tax rolls of the State and county and operation in the regular business field.

Letter of intent

The letter of intent, dated March 17, 1948, and signed and accepted by the Colorado River Commission on March 31, 1948, follows (transfer of the Basic Magnesium plant by the War Assets Administration to the Colorado River Commission of Nevada):

MARCH 17, 1948.

COLORADO RIVER COMMISSION,
Carson City, Nev.

(Attention Gov. Vall Pittman.)

GENTLEMEN: Reference is made to the proposal dated October 7, 1947, wherein the War

Assets Administration, acting for and on behalf of the Reconstruction Finance Corporation, under and pursuant to Reorganization Plan 1 of 1947 (12 P. R. 4534), and the powers and authority contained in the provisions of the Surplus Property Act of 1944, as amended (58 Stat. 765), and WAA Regulation One, as amended (11 F. R. 408), hereinafter called seller, offered the State of Nevada, acting by and through its Colorado River Commission, hereinafter called purchaser, an opportunity to negotiate for the purchase or lease of the entire holdings of the United States Government known as Plancor 201, Basic Magnesium plant, located at Henderson, Nev. On November 5, 1947, the Colorado River Commission, through its secretary, Mr. Alfred Merritt Smith, advised that such commission, at a formal meeting held on October 7, 1947, had determined that it desired to negotiate for the purpose of taking over this property. Subsequent to negotiations, it was determined that the entire facility would be sold and transferred to the State of Nevada, acting by and through its Colorado River Commission, upon the following terms and conditions:

1. Title shall be vested in the Colorado River Commission in absolute fee ownership with the purchaser being obligated to pay the seller at the time of the execution of the instruments of transfer. One dollar in cash and thereafter, as an additional consideration all of the net rentals, revenues, or other emoluments derived from the operation of the property through sale, lease, or otherwise (except returns on minerals) for a period of 20 years, or until a sum of \$24,000,000 has been paid to the seller, whichever is earlier.

2. The conveyance of the property shall be in absolute ownership with the purchaser having the full right of sale or lease of the property conveyed to it, or any part thereof, subject to the approval of the seller upon terms and conditions to be mutually agreed upon.

3. The seller shall reserve all minerals and mineral rights for its exclusive benefit and all income from such minerals or mineral rights, either through bonuses, royalties, or sales, shall go to the seller. This reservation shall be subject to the understanding that any development of the property for mineral purposes shall be conducted in such manner as to not unreasonably interfere with the use of this property as an industrial site.

4. Seller shall retain title to all chapels located within the boundaries of this facility. The ultimate determination as to which denomination may purchase these chapels shall be made by the Chief of Chaplains in accordance with the provisions of War Assets Administration Regulation 5, Order 16. The seller shall also retain title to the hospital and adequate grounds therefor. It is proposed to transfer the hospital to Rose de Linn Hospital, a corporation, with agreement that hospital facilities be made available to Henderson residents.

5. Net rents, revenues, profits, and other emoluments shall be turned over to the seller for the period of years hereinabove set out, as proceeds of this disposition, within the meaning of the Surplus Property Act of 1944, as amended, and shall be deemed to mean all gross rent, revenue, and other emoluments of any kind received by the purchaser in leasing, operation, or sale of all or any part of the facility and including, but not limited to, furnishing utilities or rendering services in connection with the operation of the facility, less deductions for (a) the usual and ordinary costs (including direct labor, materials, and overhead) of current upkeep, insurance, maintenance, and operation of the facility by the purchaser; (b) administrative costs at the facility not to exceed quarterly the sum expended for such costs during the last quarter of 1947 which has been estimated to be \$50,000;

(c) costs of promotional work and other activities in obtaining tenants or making sales, which costs shall not exceed \$20,000 per year. Administrative costs allowable in (b) above shall be limited to the following departments: Executive, cashier, purchasing, accounting, billing and statistics, personnel, time-keeping and pay roll and disposal negotiations and which include the following expenses: Salaries of the above departments, travel expenses of employees on official business, office supplies and expenses, postage, telephone rental and tolls, telegrams, auditing expenses, legal and collection expenses, taxes (other than ad valorem), bad debts, and sundry general expenses. Any administrative costs not covered by the foregoing shall be subject to the approval of seller.

6. In the event the revenue produced from the property through sale, lease, or operation does not provide sufficient funds for the proper upkeep and maintenance of the property, the purchaser shall have the right and option at any time to (a) supply the deficiency in the amount necessary for upkeep and maintenance from its own funds, or (b) to reconvey the plant and property to the seller subject to such dispositions as may have been made and such leases as may be outstanding upon 3 months' written notice of its intention, and in the event the option to reconvey is exercised the purchaser shall, upon reconveyance being effected, be released from any and all further responsibility with respect to the property.

7. An arbitration committee shall be appointed for the purpose of settling any controversial questions of fact that may arise in carrying out any of the provisions of this letter of intent. This arbitration committee shall consist of three persons; one to be appointed by each party to this letter of intent and the third to be appointed by the senior judge of the circuit court of appeals for the Ninth Federal Circuit. If either party hereto shall refuse or neglect to appoint an arbitrator within 30 days after the other party shall have appointed an arbitrator and served written notice thereof upon the other party requiring it to appoint an arbitrator, then, upon request to the senior judge of the circuit court of appeals for the Ninth Federal Circuit, said judge shall appoint such arbitrator within a period of 20 days. The finding or an award of a majority of the arbitrators shall be binding upon the parties.

8. It is understood and agreed that seller shall be granted 1 year from and after the date of the execution of this letter of intent, or until the Nevada State Legislature shall meet and enact legislation to permit the Colorado River Commission to sell or dispose of subject facilities, whichever date may first occur, within which to obtain a bona fide purchaser for this entire facility from private industry who will agree to continue the operation of the plant in productive industrial enterprises. In the event seller procures such a purchaser from private industry within the period hereinabove set out purchaser agrees to reconvey same to such purchaser as seller may designate upon 60 days' written notice. The entire electric transmission and distribution systems, the water supply system, and the sewerage disposal system which are covered by that certain letter of intent entered into by and between the War Assets Administration and the Colorado River Commission on September 16, 1947, are hereby excluded specifically from the transfer provided for in this paragraph. In the event this facility is reconveyed to seller within 1 year under the provisions of this paragraph, an accounting shall be made at the time of such reconveyance.

9. At any time after 3 years from the date of the execution of this letter of intent, the arbitration committee, duly appointed as hereinabove set forth in paragraph 7, may meet at the discretion of the

seller and determine on an equitable basis the total minimum payment to be made by purchaser under the terms of this agreement, which shall in no event exceed \$24,000,000.

10. In the event the revenue produced from the property, whether through sale, lease, or operation, is not adequate to provide sufficient funds for payments to seller as hereinabove set out in paragraphs 5 and 9 and extraordinary maintenance as provided in paragraph 14 for a period of 3 years, seller shall have the right to require reconveyance of the property upon 3 months' written notice to purchaser by the seller.

11. Purchaser shall be obligated to promote and develop sales or leases for the property in good faith at no less than the minimum values to be established and if such values are adhered to seller will approve the disposal. If at any time seller should determine that purchaser is not exercising diligence and reasonable effort in disposing of any of the property, seller shall serve notice to that effect on purchaser and call upon purchaser to appoint an arbitrator to meet with two other arbitrators, as provided in paragraph 7 hereof, who shall constitute an arbitration committee for the purpose of determining if the purchaser has not been promoting disposal of the property in good faith and with diligence. Should this arbitration committee find that the purchaser is unable to fulfill its obligation in this respect, then seller shall have the right to either (a) develop bona fide disposals for any part of the property in line with the minimum value and upon recommendation of such disposal purchaser will consummate the disposal immediately, seller to receive the net proceeds from all disposals after allowable deductions set forth in paragraph No. 5 herein, or (b) seller may require the purchaser to reconvey all the property which has not been sold subject to any outstanding leases.

12. The Munitions Board has placed a portion of this facility under the provisions of the National Security Clause. In the event the Munitions Board does not remove this restriction prior to the date of actual transfer, purchaser hereby agrees to accept this facility subject to all conditions contained therein.

13. On such portions of the property or facilities to which the national security clause is not applicable, the purchaser shall have the right to erect structures or make any improvements it may desire on the property, subject to the approval of seller, and shall have the right to deduct from any rents, revenues, or any moneys received from the lease of such new structures or improvements, (a) interest at the rate of 5 percent per annum on the amount invested on any construction and improvements, and (b) 5 percent per annum of the cost thereof for the amortization of the same with any balance remaining to be considered as a part of the gross rents, revenues, and emoluments from the facility.

14. The purchaser shall establish a fund in the amount of \$300,000 for the purpose of providing extraordinary maintenance and other contingencies not covered by existing leases. This fund shall be created by permitting the purchaser to reserve not in excess of \$75,000 for any 1 year from the net rents, revenues, and emoluments. Any expenditures made from this fund shall have prior approval of seller and this fund shall become the property of seller in the event of reconveyance.

15. Purchaser shall be required to remit within 45 days after the close of each quarter year the net rents, revenues, and other emoluments received from the property after deduction from such net revenues, one-quarter of the annual amount of the extraordinary maintenance fund as set out in paragraph 14 above, all such remittances to be accompanied by proper accounting statements signed by a duly authorized

representative of purchaser. Should there remain no net rents, revenues, or other emoluments at the close of a quarter after allowable deductions are made, a proper accounting statement to that effect shall be submitted. Purchaser shall further be required to submit to seller within 120 days after the close of each calendar year a statement duly certified by the State auditor of the State of Nevada, or a certified public accountant selected and compensated by the purchaser, and approved by seller, verifying or correcting the accuracy of the quarter-annual statements submitted by the purchaser for such calendar year. In the event that it is found there has been an error in the net revenue paid or due, it shall be adjusted at the time of the next quarter-annual statement.

16. Any sums remaining in operating maintenance funds provided for hereinabove at the time of final settlement will be turned over to the seller along with any other moneys which may be due at that time, provided that the total amount to be paid to seller pursuant to this letter of intent shall not exceed the sum of \$24,000,000 as required in paragraph 1 hereof.

17. Purchaser shall be responsible for necessary insurance coverage, taxes, maintenance, and other expenses of this facility from and after the date that purchaser is put into possession of this property. The minimum insurance requirements shall be approved by seller but in any event there shall be ample coverage on all leased portions of the plant and all buildings and facilities essential in its operations.

18. Included at the present time in plant inventories are certain items of machinery, equipment, and spare parts which are not considered to be essential to future operation of subject facility. Title to such items shall be retained in seller and seller shall dispose of and remove such items at its own expense. There are other items of machinery, equipment, and spare parts presently located at subject facility which are considered to be a part of the realty or which may be essential to future use, operation, maintenance, or disposal of the plant. Title to the latter machinery, equipment, and spare parts shall be conveyed to purchaser. Plant site records at the date purchaser is placed in possession of the premises adjusted by mutual agreement as to the surplus items, will be the basis of such conveyance of title to purchaser. Opportunity will be granted to purchaser to verify plant site records but such verification, as well as determination of surplus and transfer of title shall be completed within 6 months from the date of this agreement.

19. The seller shall not warrant, expressly or impliedly, that future use by purchaser or others of any equipment, machinery, or other facilities incorporated in or others of any process to be practiced at said plant, is free from patent infringements or obligations to pay royalties, and does not assume any liability to protect, defend, or save harmless purchaser or others against any claims, demands, or causes of action predicated on such use arising out of any United States patent. Purchaser agrees to hold harmless and defend the Government in any suit under any United States patent directed to the sale of the future use of any equipment, machinery, or other facilities incorporated in or at any processes to be practiced in said plant or for the collection of profits, damages, or royalties arising out of such sale or use. Purchaser assumes and agrees to indemnify the Government against any and all existing obligations (including obligations to pay royalties) affecting the future use, transfer, or resale of the equipment, machinery, or other facility which were entered into expressly or impliedly by seller with the approval or on behalf of Defense Plant Corporation or Reconstruction Finance Corporation.

Seller reserves any secret processes, technical information, and know-how which may have been developed in the operation of subject plant for the production of magnesium, except insofar as purchaser or its nominee might desire to use such secret processes, technical information, and know-how for the production of magnesium at the Basic Magnesium plant located at Henderson, Nev. In the event such secret processes, technical information, and know-how are made available to purchaser for the production of magnesium at captioned facility purchaser agrees not to disclose such secret processes, technical information, and know-how and to impose like obligations on its successors or nominees.

20. A complete list of leases, options to purchase, and all agreements of every kind and character heretofore made by representatives of the United States Government, to other than the purchaser, shall be supplied to purchaser by seller, and such leases and agreements shall be assigned to the purchaser by appropriate assignment agreements effective as of the date of delivery of possession of the premises hereunder; and purchaser agrees to take this Government-owned facility subject to all commitments so listed and assigned.

21. The transfer of this property shall be made subject to the agreement to permit the Bureau of Reclamation of the Department of the Interior to negotiate for the acquisition of the entire transmission system. Such acquisition shall be subject to the provisions of a letter of intent entered into by and between the parties hereto dated September 16, 1947, when letter of intent shall be suspended upon the execution of this agreement. In the event this facility shall be reconveyed to seller prior to termination of the letter of intent dated September 16, 1947, such contract shall be reactivated and remain in full force and effect until the termination date thereof.

22. Six months after the execution of the firm power contracts under which an adequate supply of power will be assured for the operation of this facility, purchaser will submit a concrete plan for advertising sale of this facility. This plan shall be submitted to seller for approval. In the event seller approves the plan submitted, purchaser hereby obligates itself to advertising the facility for sale in accordance with such plan within 4 months from the date of such approval. Failure to comply with this provision shall be cause for termination of this agreement or reconveyance of the property to the seller at its option.

23. Seller shall place purchaser in possession of the premises on a date to be determined mutually by War Assets Administration and purchaser, and the purchaser from after such date shall be responsible for all maintenance and upkeep of the property.

24. It is mutually agreed that seller shall retain the right to keep a representative or representatives on the premises until the full purchase price is paid or for such shorter term as may be determined by seller. Such representative or representatives shall have control over seller's interest in this facility and purchaser shall consult with this representative regarding all matters requiring the approval of seller. Seller shall vest such representative or representatives with adequate authority to make decisions and sign documents at the plant site which will facilitate all actions. Purchaser further agrees to furnish adequate office space together with necessary heating, light and such other usual facilities essential to the operation of an office to seller's representative without cost.

25. Purchaser will obtain at its own expense and affix to the quitclaim deed transferring title such revenues and documentary stamps as may be required by law, and will pay all recording fees incidental to recordation. Seller will make available for pur-

chaser's inspection and use such abstract of title and other title papers as are in its custody, and will cause to be transferred to purchaser whatever title insurance policies seller now has covering the planor involved, but it is understood that seller will not be obligated to furnish any later or continuation title report, title insurance, or pay for any title expense pertaining to this transaction.

26. Upon the expiration of the present agreement between seller, Southern California Edison Co., and the Department of the Interior, providing for the use by the Southern California Edison Co. of sections G-7 and T-7 located at Hoover Dam and the assumption by Southern California Edison Co. of the generating costs pertaining thereto, seller will transfer to purchaser, on a mutually agreeable basis, whatever rights seller may have to the use of said electrical equipment.

27. Purchaser warrants that it has not employed any person to solicit or secure this sale upon any agreement for a commission, percentage brokerage or contingent fee.

28. Purchaser agrees that in the performance of the terms of this sale that it will comply with and give all stipulations and representations required by applicable Federal laws, and that it will not discriminate against any employee or applicant for employment because of race, creed, color, or national origin.

29. No Member of or Delegate to Congress or Resident Commissioner shall be admitted to any share or part of this sale or to any benefit that may arise therefrom.

30. It is understood and agreed that when and if you accept and approve this letter of intent, a formal contract, in accordance with the provisions hereof, will be drawn and executed as promptly as possible.

31. This letter of intent is executed in quadruplicate and it is requested that you indicate your acceptance hereon by having the chairman and secretary of the Colorado River Commission execute and return to this Administration three counterparts hereof.

Sincerely yours,

COLORADO RIVER COMMISSION.

Requested loan for housing repair

A request has recently been received by the War Assets Administration from the Colorado River Commission of Nevada for an advance or a loan of \$35,000 for deferred maintenance on the Henderson housing project "to be repaid from the first net proceeds from the operation of the project." The amount is to be added to the maximum purchase price of \$24,000,000, making the total maximum amount of \$24,035,000.

The War Assets Administration reports informally that apparently the request can be granted under certain conditions, but if such a request were repeated it might result in tighter control of the operation of the plant by the Commission.

The matter of operation and maintenance was covered in at least 2 of the 31 paragraphs in the letter of intent. Paragraph 6 provides that "In the event the revenue produced from the property through sale, lease, or operation does not provide sufficient funds for the proper upkeep and maintenance of the property, the purchaser shall have the right and option at any time to (a) supply the deficiency in the amount necessary for upkeep and maintenance from its own funds, or (b) to reconvey the plant and property to the seller subject to such dispositions as may have been made and such leases as may be outstanding upon 3 months' written notice of its intention."

Section 10 further provides that "In the event the revenue produced from the property, whether through sale, lease, or operation, is not adequate to provide sufficient funds for payments to seller as hereinabove set out in paragraph 14 for a period of 3 years,

seller shall have the right to require reconveyance of the property upon 3 months' written notice to purchaser by the seller."

POWER WITHDRAWAL BY THE NEVADA-COLORADO COMMISSION FOR USE WITHIN THE STATE OF NEVADA

The following correspondence in relation to the further withdrawal of Nevada's allocation of power generated at Hoover (Boulder) Dam; and is in line with the recommendations of the Special Subcommittee of the Committee to Investigate the National Defense Program:

DEPARTMENT OF WATER AND POWER,
Los Angeles, July 2, 1948.

HON. JULIUS A. KRUG,
Secretary of the Interior,
Washington, D. C.

DEAR MR. KRUG: Under date of May 6, 1948, the State of Nevada, acting through its Colorado River Commission, notified the city of Los Angeles and this department as an operating agency at Hoover Dam power plant that the State would require for its use at the power plant on June 1, 1951, 82,500 kilovolt-amperes additional generating capacity. This notice was given pursuant to article 17 (1) of the contract for the operation of Boulder power plant, dated May 29, 1941. Nevada's requirement in this regard, as stated in the notice, has been transmitted to the director of power at Boulder City, Nev.

To meet this requirement the State of Nevada stated in the notice its willingness to take over the obligations incident to sections G-7 and T-7 at the power plant if that section is made available for its use on June 1, 1951, when the present arrangement with Southern California Edison Co., relative to the use of the sections, terminates. Nevada's offer to take over the obligations connected with sections G-7 and T-7 is subject to there being effected certain changes in the rights and obligations of the Metropolitan water district of southern California related to the sections. The district has informed Nevada that it will acquiesce in the desired changes.

This department, pursuant to its duties as operating agent for the United States at the Hoover Dam power plant, recommends and requests that as early as is appropriate you make arrangements for the use, commencing June 1, 1951, of these sections for Nevada, such use being subject, of course, to the rights of the Metropolitan water district of southern California.

Although War Assets Administration, as the successor to Defense Plant Corporation, is primarily responsible for sections G-7 and T-7, and should be a party to the negotiations for their use, this recommendation and request is addressed to you as the one having the authority to arrange for such use.

Respectfully,

SAMUEL B. MORRIS,
General Manager and Chief Engineer.

DEPARTMENT OF THE INTERIOR,
Washington, D. C., July 26, 1948.

MR. SAMUEL B. MORRIS,
General Manager and Chief Engineer
Department of Water and Power,
Los Angeles, Calif.

MY DEAR MR. MORRIS: This will acknowledge receipt of your letter of July 2, relative to effectuating changes in the use of sections G-7 and T-7 in the Hoover Dam power plant looking toward the use of these sections for Nevada, commencing June 1, 1951.

Negotiations to effectuate the necessary arrangements with regard to these sections will be conducted by Regional Director Moritz, with the assistance of Regional Counsel Coffey. As you suggest, the War Assets Administration will be a party to these negotiations.

Sincerely yours,

WILLIAM E. WARNE,
Assistant Secretary of the Interior.

DEPARTMENT OF THE INTERIOR,
Washington, July 26, 1948.

HON. JESS LARSON,
Administrator, War Assets
Administration.

MY DEAR MR. LARSON: In connection with the use of sections G-7 and T-7 in the Hoover Dam power plant, I enclose for your information a copy of a letter dated July 2, 1948, from Mr. Samuel B. Morris, General Manager and Chief Engineer, Department of Water and Power of the city of Los Angeles, together with a copy of this Department's reply thereto.

Sincerely yours,

WILLIAM E. WARNE,
Assistant Secretary of the Interior.

Mr. MALONE. Mr. President, I expect to follow through and keep the Senate of the United States and my own State of Nevada advised of the progress of this program.

STATEMENT ON THE CURRENT STATUS OF WATER DIVISION AND COMPACTS IN THE SEVEN STATES OF THE COLORADO RIVER BASIN, INCLUDING A DEFINITION OF THE TERMS LOWER AND UPPER BASINS, LOWER AND UPPER DIVISIONS, COLORADO RIVER COMPACT, AND THE BOULDER DAM PROJECT ACT IN SUPPORT OF SENATE JOINT RESOLUTION NO. 145, INTRODUCED TO FACILITATE THE CONTINUED DEVELOPMENT AND BENEFICIAL USE OF THE WATER AND POWER OF THE COLORADO RIVER SYSTEM

Mr. MALONE. Mr. President, in view of the pending legislation for the continued development of the Colorado River Basin States through the development and beneficial use of the waters of that great river system, and my extreme interest in such continued development dating back to the introduction of the Swing-Johnson bill later—1928—to become the Boulder Dam Project Act, I am prompted to request unanimous consent to insert in the RECORD at this point my statement made before the Subcommittee on Irrigation and Reclamation of the Committee on Interior and Insular Affairs. The statement was made in connection with Senate Joint Resolution No. 145, which was introduced to facilitate such development.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT OF THE HONORABLE GEORGE W. MALONE, UNITED STATES SENATOR FROM THE STATE OF NEVADA, ON COLORADO RIVER DEVELOPMENT, SENATE JOINT RESOLUTION NO. 145

Senator MALONE. Mr. Chairman, I will make my statement brief since I am chairman of the Subcommittee on Flood Control, Rivers and Harbors, Dams, and Electric Power of the Public Works Committee and must return to that meeting.

Mr. Chairman, I intend to show, in support of Senate Joint Resolution 145 in which I joined, that no State of the seven States in the Colorado River Basin, including my own State of Nevada, has a definite allocation of water under the existing conditions.

COLORADO RIVER COMPACT

The Colorado River Compact divides the water of the Colorado River System between the upper and lower basins. This compact was approved by six of the States of the basin in accordance with the provisions of the Boulder Dam Project Act before the construc-

tion of a dam could be started. I will present the evidence upon which I concluded that an agreement between the lower basin States on the division of the water allocated to that basin is impossible. Therefore, the only logical remaining method would be through a court of competent jurisdiction.

The statement made by Senator HAYDEN, of Arizona, is a very fair outline of all of the history of the project that he has reviewed. I have not read the brief by Senator McFARLAND, but I assume it outlines all of those things which were done by the commissions and the Members of the Congress of the United States during the hectic days of 1927 to 1928 when the Boulder Dam project was finally passed and marked the first major development on the Colorado River System.

Many of the things, however, that we would probably each recall are subject to interpretation. Each State, at the time I first attended the Commission meetings early in 1927, had its own water and power set-up, including their own engineers; and it soon became apparent that there was no way of getting anything done except to go along with the compact and amend the then Swing-Johnson bill to treat the interested States fairly in the division of the water and power benefits from the project. I, therefore, as secretary of the Colorado River Commission for Nevada, directed all of my efforts, with the power of the State of Nevada behind me, to that end.

AGREEMENTS

Mr. Chairman, it will be found as you delve into this matter that not only is it impossible to make new agreements, but the old agreements already made, including the interpretation of the original Colorado River Compact will be questioned and, no doubt, submitted to the court many times in the future for interpretation.

At that time I was State engineer of Nevada, engineer member of the Public Service Commission, and Secretary of the Colorado River Commission. We found immediately that the original bill did not provide any benefits from the project for the States of Arizona and Nevada where the project was located, that it was simply a power development and water storage on the Colorado River for the sole benefit of California.

Mr. Chairman, it has been evident to me since the first water meeting I attended in Los Angeles, Calif., early in 1927, before I became a member of the Nevada-Colorado River Commission, that the lower basin States would never agree upon a division of the waters of the Colorado River.

The reason was perfectly obvious; there was more land than water, and that the limit of any State's development is the limit of that State's water supply.

I do not want to see any State injured through any action of the Federal Government, and certainly not by any action of mine. Therefore, since an agreement is very unlikely, an adjudication by a court of competent authority seemed the only way.

ORIGINAL CONFERENCES

I want to mention in particular some men that were in this fight from the beginning. One was in your own State, Mr. Chairman—Mr. Delph Carpenter. Mr. Carpenter wrote the Colorado River compact I was informed on the best of evidence at Santa Fe, N. Mex., in 1922, with Herbert Hoover as chairman of the Seven Basin States Organization. It was the first real organized attempt to develop the Colorado River through a division of the water through a compact signed by a representative of each State on November 24, 1922.

I have often chided Delph Carpenter about the compact, that no one could understand it, therefore he was probably going to get it adopted. I personally felt that as long as no State was discriminated against in the matter of water division and the benefits from the power development, which was the

purpose of the nine amendments that I offered at that time, that we would get the first step in the development of the river. Then the rest would be growing pains; and I think, Mr. Chairman, that that is exactly where we are now. We anticipated these growing pains, and the next step must be taken just as carefully as the first step, which was the development at Boulder Dam, now known as Hoover Dam. Each step must be just as carefully worked out so that no State will be injured without its day in court.

In the beginning, the men on the committee included Senators McNary, of Oregon, Thomas, of Idaho, Johnson and Shortridge, of California, and Kendrick, of Wyoming, as well as Pittman and Oddie, from my own State of Nevada; Dill, of Washington, and Henry Ashurst, of Arizona, were on the then Irrigation and Reclamation Committee of the Senate (now the Committee on Interior and Insular Affairs). These men wanted to start the development of the Colorado River. Over in the House was Leatherwood, of Utah, Arentz, of Nevada, Morrow, of New Mexico, Lewis Douglas, of Arizona, and White, of Idaho. They are all men who have gone on other jobs or have since died, but they did do this initial job and, Mr. Chairman, it was a good job. Senator HAYDEN is the only Member of the United States Senate who was a member of this body and this committee on January 20, 1928, when I first appeared before it on behalf of the Boulder Dam development.

SENATE DOCUMENT NO. 186, SEVENTIETH CONGRESS, SECOND SESSION, COLORADO RIVER DEVELOPMENT

There is one thing that I would like to clear up for the benefit of the committee, and I am sure that everyone knows it, if they would review the Colorado River compact. There are five States in the lower basin—not three—and, by the way, this Senate document to which I refer was prepared by me in 1927. It was then printed as a Senate document in 1928. It is called Senate Document No. 186, Seventieth Congress, second session. It is still used as a reference work by many of the commissions. I did not prepare it alone. The State engineers of the other six States in the basin assisted me in the work through acting as consultants, as well as the Bureau of Reclamation engineers.

Senator MILLIKIN. What is this document now that you are talking about, Senator?

Senator MALONE. Colorado River Development, Senate Document No. 186, Seventieth Congress, second session. On page 31 of that document, you will find the definition of the upper and lower divisions and of the upper and lower basins. Much has been said about upper and lower basins and I think an explanation would be helpful. The Colorado River Basin is a seven-State affair, and the term "upper division" means the States of Colorado, New Mexico, Utah, and Wyoming. The "lower division" means the States of Arizona, California, and Nevada. Lees Ferry is the dividing point between the divisions.

"The term 'upper basin'—and this is where a misunderstanding exists—means those parts of the States of Arizona, Colorado, and New Mexico and Utah and Wyoming—you see, Utah and New Mexico come into the upper basin—'within and from which waters naturally drain into the Colorado River system above Lees Ferry.'"

BASINS AND DIVISIONS

The first is an arbitrary division and the next is a drainage division. The lower basin then, instead of only meaning just the States of Arizona, California, and Nevada, means those parts of the States of Arizona, California, Nevada, New Mexico, and Utah within and from which waters naturally drain into the Colorado River system below Lees Ferry. So, there are five States interested in the division of the waters of the lower basin, instead of only three States,

which further complicates this situation and, as a matter of fact, the advance consent given by the United States Senate in the Boulder Dam project for a water-division treaty could not be binding upon all of the States of the lower basin even if it had been agreed upon and ratified by the States of Arizona, California, and Nevada, since Utah and New Mexico were excluded.

International water obligations

We all are familiar with the compact. It is provided that out of that upper basin States, the 7,500,000 acre-feet and the lower basin States 7,500,000 acre-feet, and the additional 1,000,000 acre-feet come the international water obligations. They were determined by treaty as coming out of the waters of both basins equally, after certain surplus water allocated to the lower basin may be exhausted.

To pass the Swing-Johnson bill at that time it was necessary to have a six-State ratification paragraph put in it, because, as CARL HAYDEN has just said, Arizona did not until much later ratify the seven-State compact. There has never been, I want specifically to point out, a lower-basin agreement in accordance with the approval (advance) of the Water Division, in the Boulder Dam Project Act, found on page 9 of this Senate document. There was an advance approval by the United States Senate for the States of Arizona, California, and Nevada to enter into an agreement dividing the 7,500,000 acre-feet annually apportioned to the upper basin—paragraph (a) of article III of the Colorado River compact plus certain surplus water, but the States never agreed so the provision remained ineffective.

THE ADVANCE APPROVAL—INTERSTATE COMPACT—NEVER RATIFIED

"There shall be apportioned to the State of Nevada 300,000 acre-feet and to the State of Arizona 2,800,000 acre-feet for exclusive beneficial consumptive use in perpetuity, and (2) that the State of Arizona may annually use one-half of the excess or surplus waters unapportioned by the Colorado River compact, and (3) that the State of Arizona shall have the exclusive beneficial consumptive use of the Gila River and its tributaries within the boundaries of said State, and (4) that the waters of the Gila River and its tributaries, except return flow after the same enters the Colorado River, shall never be subject to any diminution whatever by any allowance of water which may be made by treaty or otherwise to the United States of Mexico but if, as provided in paragraph (c) of article III of the Colorado River compact, it shall become necessary to supply water to the United States of Mexico from waters over and above the quantities which are surplus as defined by said compact, then the State of California shall and will mutually agree with the State of Arizona to supply, out of the main stream of the Colorado River, one-half of any deficiency which must be supplied to Mexico by the lower basin, and (5) that the State of California shall and will further mutually agree with the States of Arizona and Nevada that none of said three States shall withhold water and none shall require the delivery of water, which cannot reasonably be applied to domestic and agricultural uses, and (6) that all of the provisions of said tri-State agreement shall be subject in all particulars to the provisions of the Colorado River compact, and (7) said agreement to take effect upon the ratification of the Colorado River compact by Arizona, California, and Nevada."

I will call the chairman's attention to the fact that New Mexico and Utah are left out of this provision, and there never was such a compact entered into even by the States of Arizona, California, and Nevada; so naturally the provision in the act is null and void, since no action was ever taken by such States.

I will not read the remainder of the agreement but simply cite it for reference. I do not think it is necessary to put anything further in the record on that subject, since it has never been ratified, and is not effective.

I want to call attention further that the two basins are in the same situation, that is to say, while the water is divided between the upper and lower basins by the compact, and also the upper and lower divisions, that there has never been any division or allocation of the water between the lower basin States which include five States, and as between the upper basin States, which include four States, and until such a division is made by the consent of the States concerned, then it is my conclusion that no State, including my own State of Nevada, could say that it really had any specific amount of water.

On page 36 of this document, under an explanation by Delph E. Carpenter, of Colorado, appears a review of the Colorado River compact. Delph Carpenter was well and favorably known among the old-timers, and perhaps not by the more recent participants because he has been practically paralyzed for the last 15 years. However, he was one of the most brilliant men that I ever had the opportunity of knowing. In his explanation or review of the Colorado River compact, he says that provision was made that all future controversy between two or more States of each group are specifically reserved for separate consideration and adjustment by separate commissions or by direct legislation, whenever such questions may arise, if they ever do. Also, appropriations of water are covered.

COLORADO RIVER COMPACT AND APPROPRIATIONS

The West is very careful about anything that affects appropriations of water. Present perfected appropriations of water are not disturbed, but such rights take their water from the apportionment to the basin in which they are located. In other words, if California or Arizona and Nevada claimed that they had used water and it was theirs by appropriation, it would come out of the lower basin water and the upper basin States would not be affected.

On page 38 there is provision for future apportionment of water. In the "Disposition of the waters of the Colorado River under the Colorado River compact", by Delph E. Carpenter, as found on page 38 of the same document, we have this provision; it is a very learned explanation of the entire document, but sufficient for this testimony I cite a paragraph on the first page:

"The Colorado River compact allocates 16,000,000 acre-feet to uses in the United States and sufficient for the international burden, whatever it may be, and then sets apart the unallocated surplus for future apportionment by the States after 40 years."

The 16,000,000 acre-feet adds up to seven and one-half million allocated to the upper basin, the four upper basin States, and seven and one-half million to the lower basin States, the five States that I mentioned, and not the three, and then 1,000,000 acre-feet in addition to the lower basin if it is available. If there is additional water, it would be called unallocated surplus and would not be under the compact apportioned until after 40 years.

"In other words, the compact specifically allocates 16,000,000 acre-feet plus the international burden, as designated burdens upon the whole supply of the river and then dedicates the unallocated surplus to future apportionment between all seven of the States. Of the 16,000,000 aggregate 7,500,000 plus 1,000,000 acre-feet per annum (beneficial consumptive use) is permanently allocated to the lower basin. These permanent allocations include all water necessary to supply all present appropriations, wherever the same may be and whether from the main stream or from the Green, the Gila, or any other tributary."

Now, Mr. Chairman, that is not my language. It is the language of the man who wrote the compact and whom I consider one of the most brilliant attorneys in the United States, certainly on water matters. That is his explanation of the compact, which he himself wrote and which the representatives of the seven States of the basin signed at that time, and which was later to become a highly controversial matter. Finally, the Boulder Dam Project Act was passed based on the approval of the six States of the basin, as already outlined.

DELPH E. CARPENTER—COLORADO

Total water available in the entire basin for apportionment, out of which would come this unallocated surplus and the water for any international treaty, is estimated in the beginning on page 38 on the "Disposition of the waters of the Colorado under the Colorado River compact," by Delph E. Carpenter, the water is supplied, reading from his explanation:

"The river is supplied by its tributaries from the Green to the Gila. Without tributaries there would be no river.

"The water supply of the river consists of all water which of nature and undisturbed by works of man would pass Yuma, the point below the last tributary. It is impossible to tell the exact amount of this total supply in any year, owing to interference by diversions, but it has been estimated at from 20,000,000 to 24,000,000 acre-feet average.

"This aggregate natural water supply may be divided into (1) that part entering the river above Lees Ferry and contributed by those streams which drain the upper basin; and (2) that part entering the stream between Lees Ferry and Yuma and contributed by streams which drain the lower basin."

You see, he again emphasizes that basins mean drainage, and drainage above Lees Ferry is the upper basin and the lower basin means that area draining to the river below Lees Ferry. Divisions mean an arbitrary division of the four States above Lees Ferry and the three States below Lees Ferry.

Any subsidiary compact of the lower basin would be, according to Mr. Carpenter, "the water available to the lower basin, water there originating and Lees Ferry delivery, is to be used in the lower basin to care for the lower-basin allocation, 8,500,000 acre-feet, and the entire international burden, unless there is a deficiency for international supply, in which case the waters allocated to each basin are to be called upon to the extent of one-half of the deficiency."

Mr. Carpenter says:

"The States of the lower basin should enter into a subsidiary compact making (1) local allocation of the aggregate 8,500,000 acre-feet (out of the whole river supply) allocated to the lower basin by the compact; (2) provision for supplying the entire international burden, if, when, and for the amount by treaty determined; and (3) disposition of the unallocated surplus pending and subject to future allocation between the seven States. They should also make provision for temporary use of allocated water escaping from the upper basin, without prejudice to the rights of the upper basin."

That is the five lower-basin States.

INDUSTRIAL ENCYCLOPEDIA—11 WESTERN STATES

Mr. Chairman, in order to save the time of the committee, I also prepared—and it seems I have a habit of preparing reports for reference over the past 20 years—what is called an Industrial Encyclopedia of the 11 Western States. That was edited and published in 1944; the data included in it, however, is up to 1943. I would like, in order to make available the included reference work on the Colorado River, to make a part of the record beginning in 1922, "November 24, Colorado River compact, executed at Santa Fe, N. Mex., Herbert C. Hoover, then Secretary of Commerce, acted as chairman

of the Seven Colorado River Basin States Conference." It enumerates from that date the Colorado River development events up until 1944.

Senator MILLIKIN. Will you make clear to the reporter exactly what you want put in there, and it will be put in.

Senator MALONE. Yes; I will.
(It is as follows:)

"1922: November 24, Colorado River compact, executed at Santa Fe, N. Mex.; Herbert C. Hoover, then Secretary of Commerce, acted as chairman of the Seven Colorado River Basin States Conference.

"1923: C. H. Birdseye and United States Geological Survey party survey canyons.

"1924: Weymouth report rendered in eight manuscript volumes.

"1924: Second Boulder Dam bill (Swing-Johnson) introduced in Congress.

"1924: Cosby report on Colorado River issued.

"1925: The State of Nevada, by legislative act, March 18, 1925, approved the Colorado River six-State compact.

"1925-26: December 21, third Swing-Johnson bill introduced in Congress, H. R. 6251. Identical bill, S. 1868, was introduced by Senator JOHNSON in the Senate about this date. H. R. 6251 was replaced February 27, 1926. These two bills are referred to as the third Swing-Johnson bill.

"1927: Special advisers made report to the Secretary of the Interior.

"1927: Conference of lower division States—Arizona, California, and Nevada—at Los Angeles attended by the Colorado River commissions of the three States (new Nevada Colorado River Commission).

"1927: Conference of Governors on Colorado River.

"1928: Fourth Boulder Dam bill—Boulder Canyon Project Act (Swing-Johnson bill) introduced in both Houses of Congress.

"1928: January 20, GEORGE W. MALONE, report and testimony before the Irrigation and Reclamation Committee of the United States Senate, title of the report, 'Boulder Canyon Lower Colorado River Power and Water Set-up,' Nevada Colorado River Commission. The report and the testimony recommended that nine amendments be made to the then pending Swing-Johnson bill.

"1928: Senate Document No. 186, Colorado River Development, December 11, Seventieth Congress, second session, by GEORGE W. MALONE, State engineer of Nevada.

"1928: The fourth Swing-Johnson bill was passed by the Senate December 14, by the House December 18, including eight of the nine amendments proposed by the Nevada Colorado River Commission, and approved and signed by President Coolidge, December 21.

"1929: The State of Utah signed the Colorado River Compact.

"1929: President Hoover issued proclamation declaring six-State ratification of Colorado River Compact in effect and declaring Boulder Canyon Project Act effective this date, June 25, 1929.

"1929: July 5, 1929, Nevada submitted bid for all of the power to be produced from Boulder Dam, together with a use curve showing ultimate use for 483,000 horsepower for mining, agriculture, and electrochemical products to support the State's request for a withdrawal provision for power to use in the State. The withdrawal provision was later inserted in the power contracts and the bid was withdrawn.

"1929-30: Biennial report—State engineer of Nevada—covering developments to date including legislation and amendments to the original Swing-Johnson bill.

"1930: Contract signed by Secretary Wilbur with Metropolitan Water District of Southern California for delivery of water April 24. Contract signed by Secretary Wilbur with Metropolitan Water District of Southern California for electrical energy April 26, amended May 31, providing with-

drawal of power by Arizona and Nevada to extent of 36 percent, in accordance with the amendments to the Swing-Johnson bill proposed by the Colorado River Commission of Nevada.

"1930: Contract signed by Secretary Wilbur with city of Los Angeles and Southern California Edison Co. for electrical energy April 26, amended May 28, and Department of Water and Power of City of Los Angeles, made party to contract in addition to city of Los Angeles, providing for the withdrawal of power for use within the States of Arizona and Nevada in accordance with amendments to the Swing-Johnson bill finally known as the Boulder Canyon Project Act.

"1930: Second deficiency appropriation bill appropriating \$10,660,000 to start Boulder Dam work passed by House and Senate July 3.

"1930: July 7, 1930, the Secretary of the Interior, Ray Lyman Wilbur, issued an official order to Dr. Elwood Mead, Commissioner of Reclamation, to 'start work on Boulder Dam today.'

"1930: Secretary Wilbur drives first spike starting railroad and construction of Boulder Dam at Las Vegas, Nev., September 17, and issues order that dam be called Hoover Dam.

"1931: \$15,000,000 appropriated by Congress for construction of dam.

"1931: Bureau of Reclamation opens bids for construction of Boulder Dam and powerhouse March 4 and awards contract to Six Companies, Inc., which starts work March 11.

"1932: \$23,000,000 appropriated for continuing construction of dam.

"1932: The engineers divert the river, November 14.

"1933: \$46,000,000 appropriated for construction of dam.

"1933: Secretary of Interior, Harold L. Ickes, announced that the name of the dam would again be Boulder Dam. Start concrete pouring in dam. Diversion tunnels, coffer dams, excavation for the dam completed.

"1934: Penstock tunnels completed; installation of 30-foot diameter outlet pipes started.

"1935: January—Conference of the seven States of the basin, Wyoming, Colorado, New Mexico, Utah, Nevada, Arizona, and California. The conference was held at Phoenix, Ariz., on a further division of water from the Colorado River. Arizona has never signed the Seven-State Compact and now wants to secure a contract for water.

"1935: Complete pouring concrete in dam February and start storing water.

"1935: February—Report of the Colorado River Commission of Nevada; 'Including a study of proposed uses of power and water from Boulder Dam,' 1927 to 1935.

"1935: Boulder Dam starts to impound water in Lake Mead February 1.

"1935: Last concrete placed in dam May 29.

"1935: President Franklin D. Roosevelt dedicates the dam September 30.

"1936: First generator goes into full operation October 22.

"1936: Second generator goes into operation November 14.

"1936: Third generator goes into operation December 28.

"1937: Two more generators go into operation March 18 and August 16.

"1938: Storage reaches 24,000,000 acre-feet and Lake Mead stretches 115 miles upstream.

"1938: Two more generators go into operation June 26 and August 31; total 7.

"1939: Storage reaches 25,000,000 acre-feet, more than 8,000 billion gallons.

"1939: Two more generators, June 19 and September 12; total 9. Installed capacity reaches 700,000 kilowatts, making Boulder's hydroelectric power plant the largest in the world.

"1940: Boulder Canyon Adjustment Act, providing for the acceptance of \$300,000 an-

nually to each of the States of Arizona and Nevada in lieu of the 37½ percent provided for in the Boulder Canyon Project Act, and eliminating the periodical readjustment of the sale price of power.

"1940: Three more generators ordered.

"1940: All-American canal placed in operation.

"1940: Metropolitan water district's Colorado River aqueduct successfully tested.

"1941: One additional generator began operating in October.

"1942: Two more generators began operating in August and December.

"1942: Basic Magnesium, largest magnesium plant in the world, began taking power from Boulder Dam and water from Lake Mead.

"1943: Rated capacity of power plant of 952,300 kilowatts operated at overload in June to produce more than 1,000,000 kilowatts.

"1943: Basic Magnesium takes more than 100,000,000 kilowatt-hours in June.

"1943: Industrial service report—11 Western States, August, by the Industrial West Foundation, GEORGE W. MALONE, managing director.

"1944: Additional generator scheduled for operation in October."

Senator MALONE. To make clear my next point and to show the highly controversial nature of the Boulder Dam legislation as introduced under the Swing-Johnson bill as early as 1923, and finally passed and called the Boulder Dam Project Act late in 1923, as explained by Senator HAYDEN, I would like to make a part of the record excerpts from the 1929-30 biennial report of the State engineer of Nevada. This simply shows the recommendations that were made for amendments to the pending Swing-Johnson bill and those accepted at the time, and has a direct bearing on the next point I am about to make, ending on page 87 and beginning on page 86.

Senator MILLIKIN. Again, you will make that clear to the reporter?

Senator MALONE. Yes.

(It is as follows:)

"The Boulder Dam Project Act as finally passed, including the power contracts, provides revenue for Arizona and Nevada in lieu of taxes and power to use for the development of the States. According to the Secretary of the Interior the revenue derived will amount to over \$700,000 to each State annually after the completion of the project, and each State can withdraw, if, as, and when wanted, up to 117,000 firm horsepower of the electrical energy for use in the State, paying cost at the switchboard when so withdrawn. It is thought that the use of this power will increase the taxable wealth of the State several millions of dollars.

"When the State (GEORGE W. MALONE, State engineer and Colorado River commissioner) administration took over the work of the Colorado River Commission early in 1927 the then pending Swing-Johnson bill, proposing to construct the Boulder Dam on the Colorado River, did not provide any revenue for the States of Arizona and Nevada, nor power from the project to develop those States, but did provide that the All-American Canal in Imperial Valley, costing \$38,500,000 should be paid for by revenue from the power from the project in addition to the dam and power plant. Provision was later made for the lands benefited to underwrite the cost of the project. (One of the amendments to the Swing-Johnson bill—later the Boulder Dam Project Act—offered by GEORGE W. MALONE).

"By unanimous action of the Commission, early in 1927 it was agreed to make a thorough study of the Colorado River set-up, employing such assistance as found advisable, to determine the exact position the State should take relative to the pending legislation for the development of that river, so that our position would be found to be

fair to all concerned and supported by the facts.

"SAN FRANCISCO POWER CONFERENCE—GEORGE W. MALONE, CHAIRMAN

"Accordingly a conference was called for the three lower basin States, Arizona, California, and Nevada, in San Francisco, November 19 to December 16, 1927, at which time the power angle of the undertaking was thoroughly reviewed and a report subsequently issued for Nevada (by the State engineer of Nevada, chairman of the conference) definitely determining the effect of such development and making certain definite (9) recommendations for the protection of our State and to aid the legislation by gaining the support, insofar as possible, of the upper basin States. The State engineer acted as chairman of that conference.

"The conference, in addition to the members of the Colorado River Commission of the three lower States, included such outstanding power experts as H. W. Crozier, consulting electrical engineer, employed by our Commission; E. S. Scattergood, chief engineer of the Los Angeles Bureau of Power and Light, and L. S. Ready, former engineer for the California Railroad Commission, employed by Los Angeles; Charles Cragin, chief engineer of the Salt River project, Arizona, and B. F. Jacobsen, consulting engineer of Los Angeles, employed by Arizona.

"From the results of this conference a report was made, January 1, 1928, by the Nevada Colorado River Commission, known as the Boulder Canyon lower Colorado River power and water set-up, and from the conclusions drawn from this report nine definite recommendations were made, all calculated to distribute the benefits from the project among the interested States in an equitable manner.

"NINE RECOMMENDATIONS TO THE THEN PENDING SWING-JOHNSON BILL

"On January 20, 1928, the State engineer of Nevada (GEORGE W. MALONE) appeared before the United States Senate Committee on Reclamation and Irrigation and presented a statement made up from this report, including the nine recommendations, viz:

"1. That Nevada and Arizona should benefit from the proposed development, at least to the extent that she would benefit if developed by private capital, second only to Government payments and any reasonable reserve.

"2. That the power be not sold as low as the repayments to the Government will permit, but should be sold at a competitive figure comparable with the cost of power available elsewhere for these markets.

"3. That arrangements be made for the sale of the power so that fair offers may be had, and that legitimate bidders be not handicapped.

"4. That suitable readjustment periods be arranged for the power charges per kilowatt-hour and also for the proper charges for other service rendered.

"5. That proper charges be made for other service rendered flood control, silt control, irrigation-water storage and domestic-water storage.

"6. That the States shall have the right to withdraw, upon proper notice, certain blocks of power to be used within their own States.

"7. That a board be arranged for, from the three lower States, to assist the Secretary of the Interior, or any agency supervising the sale of the power and other service rendered, in an advisory capacity to fix the proper charges per kilowatt-hour for power and proper charges for other service rendered.

"8. That an attempt be made to equalize in some manner among the three States the benefits of reclamation financing.

"9. That after the Government advancement is entirely repaid the benefits from this development accrue to the States.

"The State engineer was then cross-examined at length by members of the Senate committee, which testimony appears in full in the hearings before the Committee on Irrigation and Reclamation, United States Senate, Seventieth Congress, first session, on S. 728 and S. 1274. (January 20, 1928.)

"Senate Document No. 186 (70th Cong., 1st sess.), Colorado River Development, containing 200 pages and 67 maps and illustrations, was prepared by the Nevada State engineer to make available to our Senators and Congressmen complete information for use in the congressional fight. This report was subsequently printed by the Government as a Senate document and was widely distributed as the official document on the Colorado River development.

"EIGHT RECOMMENDATIONS ACCEPTED

"When the Swing-Johnson bill was finally reported out of the Senate committee, and including the amendments on the floor of the Senate, eight of the nine recommendations were included in the legislation as finally passed and called the Boulder Dam Project Act, and, together with the power contracts made by the Secretary of the Interior in conformance with the act, as amended, provide:

"1. That 37½ percent of all the money the project makes above the payments due the Government each year after construction is finished is to be paid to Arizona and Nevada. The Secretary of the Interior has announced that those payments will amount to over \$700,000 per year to each of the States. (Would at this time—1948—have amounted to more than \$1,500,000 annually to each State if the 1940 Adjustment Act had not been passed.)

"2. That the power be sold at a competitive price.

"3. That the Federal Water Power Act be made a part of the act insofar as determining between conflicting bidders is concerned, so that any agency may bid for the power (priority to States and municipalities).

"4. That there shall be a readjustment of the charges for power after the first 15 years from the date of signing the contracts and every 10 years thereafter, either up or down, as the competitive price may indicate.

"5. That a charge be made for domestic water in Los Angeles and other southern California cities. (No charge was included in the original act.)

"6. That the States shall have the right to withdraw, upon certain notice, 18 percent or 117,000 firm horsepower each for use in the States (now approximately 140,000 kilowatts). This power can be withdrawn and turned back when not needed and withdrawn again as often as necessary by giving such notice and paying the cost at the switchboard when used.

"7. That an advisory board to assist the Secretary in the construction, management, and operation of the project, consisting of one duly authorized Commissioner from each of the seven States, may act in an advisory capacity with the Secretary of the Interior. (GEORGE W. MALONE was appointed by the Secretary for the State of Nevada.)

"8. That the All-American canal, costing \$38,500,000, shall be underwritten by the lands benefited and not be paid for by the power from the dam. (This increases the revenue of the States, and investigations shall be made by the Government in Arizona, Nevada, and the upper basin States to determine feasible irrigation projects for development.)

"Recommendation No. 9, providing for turning the project over to the States when the cost to the Government has been repaid was not included in the act. It was said that while that policy had been adopted in the case of irrigation districts it would be 50 years before the Government would be repaid, and during that time a general policy toward this type of project would be adopted.

"In connection with the Nevada amendments, we quote, in part, from a dispatch

from Washington over Universal Service, which appeared in the Los Angeles Examiner of September 19, 1930, viz:

"The outstanding features of these amendments were the provision for revenue for Arizona and Nevada from the project in lieu of taxes after its completion, and the privilege of withdrawing power at cost at the switchboard for use in those States when needed. The original Swing-Johnson bill did not provide either revenue or power for the States of Arizona and Nevada, wherein the project is located, and this fact formed the basis for objection to the project.

"At a hearing of the United States Senate Committee on Reclamation and Irrigation held in Washington, January 20, 1928, GEORGE W. MALONE, secretary of the Nevada Colorado River Commission, made nine recommendations for changes in the bill as offered, all those recommendations being calculated to distribute the benefits of the project among the interested States.

"Eight of these recommendations were included in the Boulder Dam Project Act as finally passed and, as a result, Arizona and Nevada each will receive, according to the Secretary of the Interior, a revenue of over \$700,000 annually after the project is completed. In addition, through these amendments, Arizona and Nevada will be allowed to withdraw such amounts of power as they may need within their States up to 117,000 firm horsepower, paying cost at the switchboard for its use."

BOULDER DAM ADJUSTMENT ACT, 1940

Senator MALONE. Before I make my next point, and the last one, there was what was called the Boulder Canyon Adjustment Act of 1940, with which I think the Chairman is familiar, since it was agreed to by the seven States. To save the time of the committee, I would like to have the explanation of that amendment, which it really was, an amendment to the Boulder Dam Project Act, called the Boulder Canyon Adjustment Act of 1940, incorporated in the record, beginning with the heading "Precedent" on page 88, and ending on page 90, as marked.

Senator MILLIKIN. Do you want the tables in there?

Senator MALONE. No, Mr. Chairman; they simply outline the payment over the years. They would not be a part of it.

(It is as follows:)

"PRECEDENT"

"The precedent for the 'revenue in lieu of taxes' from a Federal power development within a State was founded in the long-adopted principle in the revenue from the sale of public lands, and from the oil and gas leases located on the public lands, providing for 37½ percent of such revenue to be paid direct to the State in which such lands are located, on the theory that where such lands are held by the Federal Government the State cannot levy taxes but is entitled to a proportion of any income in lieu thereof. The Boulder Canyon Project Act, in section 4, paragraph (b) of the original act, provided for 37½ percent to be paid to the States of Arizona and Nevada wherein the project is located.

"In order to insure adequate provision for the States it was further provided in section 5, paragraph (a) of the act that 'contracts made pursuant to subdivision (a) of this section shall be made with a view of obtaining reasonable returns and shall contain provisions whereby at the end of 15 years from the date of their execution and every 10 years thereafter, there shall be readjustment of the contract, upon the demand of either party thereto, either upward or downward as to price, as the Secretary of the Interior may find to be justified by competitive conditions at distributing points or competitive centers.'

"The above provisions of the original act, approved December 21, 1928, provided the foundation for the Boulder Canyon Adjust-

ment Act of 1940, which was negotiated by the seven Colorado River Basin States and approved by the States of Arizona and Nevada, paying \$300,000 annually to each of the States of Arizona and Nevada in lieu of the 37½ percent provided for in the original act.

"KILOWATT-HOURS—COST—REVENUE"

"Table No. 10 prepared annually by the Bureau of Reclamation in determining the rates to be charged for power from the Boulder Canyon project for the ensuing year applies to the fiscal year 1943-44 and shows at a glance the expected number of kilowatt-hours of firm and secondary energy for sale from 1943 to 1987, inclusive, and the actual sales for the years 1937-42. (Table No. 10 p. 88 of section VIII-A—Power Section of the Industrial Encyclopedia, published in 1944.)

"It shows the price per kilowatt-hour (1.190 mills for firm and 0.357 for secondary power) necessary for both firm and secondary energy to provide the annual operation and maintenance, amortization payments to the Government, and the \$300,000 to each of the States of Arizona and Nevada agreed upon through the Boulder Canyon Adjustment Act.

"TABLE 11.—Comparative revenue to the States of Arizona and Nevada under the original and under the adjusted Boulder Canyon Project Act

Price per barrel of oil.....	\$0.80	\$1.10	\$1.35
Assumption kilowatt-hours per barrel.....	500	500	500
Annual revenue to Arizona and Nevada under 1928 Boulder Canyon Project Act and power contracts.....	\$1,400,000	\$2,345,000	\$3,133,000
Annual revenue to Arizona and Nevada under 1940 Adjustment Act.....	\$600,000	\$600,000	\$600,000

¹ \$600,000 annual payments in lieu of taxes accepted by the States of Arizona and Nevada in place of the more than \$3,000,000 annual revenue provided under the original Boulder Canyon Project Act.

Source—Bureau of Reclamation.

"ADJUSTMENT ACT"

"The principal items of the Boulder Canyon Project Act pertaining to the generation and sale of electric power have been, to a large extent, revised under the Boulder Canyon Project Adjustment Act of 1940.

"One of the principal revisions of the Boulder Dam Project Act under the 'Boulder Canyon Project Adjustment Act of 1940' referred to above was the acceptance by the States of Arizona and Nevada of a definite annual payment of \$300,000 each, in place of the 18½ percent as provided under the Boulder Canyon Project Act passed in December, 1928, which, according to the Bureau of Reclamation would have paid to the two States over the 50-year period \$62,468,000, or an average of \$624,680 to each State annually. This lesser amount was accepted presumably on the theory that the oil and gas used to generate the power 'at distributing points or competitive centers' would cost less in 1945, the date of the first 'readjustment of the contract,' than when the contract was first made.

"The Boulder Canyon Readjustment Act authorized and directed the Secretary of the Interior to promulgate 'charges on the basis of computation thereof for energy generated at Boulder Dam,' during the period from June 1937 to May 31, 1987. This, in addition to other net revenues, was to be adequate for the following purposes:

"1. To meet the cost of operation and maintenance and replacement.

"2. To provide \$500,000 annually for additional development of the Colorado River.

"3. To provide \$300,000 annually each for Arizona and Nevada.

"4. To repay the Treasury with interest at 3 percent loans for the construction of the project, exclusive of the \$25,000,000 allocation to flood-control payment which is to be deferred until the end of the 50-year period subject to such action as Congress might then determine.

"The cost of generating equipment is to be repaid with interest at 3 percent within 50 years from the installation date. On May 29, 1941, the rate for firm power was reduced

"REVENUE TO NEVADA AND ARIZONA—ORIGINAL ACT"

"At the original price per kilowatt-hour agreed upon in contracts for the power under the original Boulder Canyon Project Act passed in 1928, 1.63 mills for firm power and 0.50 for secondary, the return for the fiscal year 1943-44 would have been increased by approximately \$2,000,000, 37½ percent of which—or approximately \$800,000—would have been added to the \$600,000 annual payments to the States of Arizona and Nevada, agreed to under the Boulder Canyon Adjustment Act, making a total to the two States of \$1,400,000 or \$700,000 each.

"The 1.63 mills per kilowatt-hour for firm power established in the original contracts was based on the availability of oil at that time to the 'distributing points or competitive centers' at \$0.75 to \$0.80 per barrel. The price of such oil is now quoted (1944) at \$1.10 per barrel, which would indicate an upward adjustment of the price per kilowatt-hour in 1945 at the end of the 10-year period under the original Boulder Canyon Project Act. However, since the Adjustment Act has been accepted, no such additional revenue can now be secured. (The price of oil is now approximately \$2 per barrel.)

from 1.63 mills to 1.163 mills, and the rate for secondary power was reduced from 0.5 mill to 0.34 mill.

"These rates are subject to adjustment from time to time as conditions warrant.

"Another item of importance in the Adjustment Act is provision whereby the Government may arrange for an exchange of power to the Metropolitan Water District from the Parker and Davis Dams in place of the Boulder Dam power allotted it. This provision makes possible an over-all efficient operation of the plant in Black Canyon and the nearby downstream plants. The city of Los Angeles and the Southern California Edison Co. are established as United States operating agents for the Boulder power plant.

"ELECTRIC ENERGY ALLOCATION"

"The basic firm energy has been allocated as follows: 17.6259 percent each to Arizona and Nevada; 35.2517 percent to the Metropolitan Water District of Southern California for pumping water through its Colorado River aqueduct; 17.5554 percent to the city of Los Angeles; a total of 4.0095 percent to Burbank, Glendale, and Pasadena; 7.0503 percent to the Southern California Edison Co.; and 0.8813 percent to the California Electric Power Co. Energy allocated to, but not used by, Arizona and Nevada, and subject to withdrawal by them upon giving proper notice, has for the present been assigned to other users as follows: 55 percent to the city of Los Angeles; 40 percent to the Southern California Edison Co.; and 5 percent to the California Electric Power Co. The California Pacific Utilities Co. of California has contracted for a maximum of 20,000,000 kilowatt-hours per year and the Citizens Utility Co., of Kingman, Ariz., has contracted for a maximum of 50,000,000 kilowatt-hours per year of the present unused portion of the Metropolitan Water District's power allotment. These contracts run until 1954, at which time the Metropolitan Water District may need its full allotment.

"HISTORICAL"

"Boulder Dam, officially named Hoover Dam by the then Secretary of the Interior

Ray Lyman Wilbur, and changed back to Boulder Dam again by Secretary of the Interior Harold L. Ickes when he took office in 1933 (and changed again to Hoover Dam by Congress last year), was the first of the federally financed, large, multiple-purpose projects to be authorized by Congress and constructed by the Government in the 11 Western States, and the only one in the entire United States on which the cost was completely underwritten before construction was begun.

"The Boulder Canyon Project Act was passed by the United States Senate on December 14, 1928, by the House on December 18, and signed by President Calvin Coolidge on December 21, and made effective through proclamation by Herbert Hoover in June 1929. It, together with the contracts for the use of the power provided for in the act, definitely set the precedent for a State in which a project is located to receive a cash benefit in lieu of taxes, and for withdrawal of power to be used within the State when and if needed, even though such power might be used elsewhere in the meantime.

"The above review traces the history of the Colorado River and its development in some detail, together with its effect upon that growth of the Southwest and the 11 Western States, from the date of the discovery of the region by Francisco de Ullao in 1539 to the use of Boulder Dam by the Basic Magnesium Co. of more than 100,000,000 kilowatt-hours from the completed Boulder Dam in June of 1943."

Senator MALONE. One of these amendments—and I will not try to explain all of them, because they are a matter of history and ready reference—but they all were directed toward the division of the power and the revenue features of Boulder Dam, now known as Hoover Dam, between Arizona, California, and Nevada. The dam is located between Arizona and Nevada, and the contracts were largely made for the sale of power in California. There was no development at all near the dam then available in either Arizona or Nevada.

In lieu of a direct sale of power to the States of Arizona and Nevada—the two States were given a withdrawal privilege to secure 36 percent of such power if, as, and when needed.

Mr. Chairman, we were laboring and sweating blood over the construction of Boulder (Hoover) Dam, just like they are doing now on the water division. It was important to each of the States to start the river development just as it is now very important to each of the States that a division of the water be made. If a division by compact is impossible, then the only recourse is to a judicial body. That is the reason that I joined in the resolution, Senate Joint Resolution 145.

ALL-AMERICAN CANAL NOT PAID FOR BY POWER FROM DAM

In the original Swing-Johnson bill was included the All-American Canal. For 5 years, every time Boulder Dam project was mentioned, the All-American Canal was a part of it. I came into the picture new and fresh in early 1927, and was chairman of the Lower Basin States Power Conference for several months. We met 40 days in San Francisco at one time and debated the entire problem in a very friendly conference, but no actual agreement came out of it. You will understand that there were just too many claims.

That All-American Canal always bothered me. I prepared amendments to the bill which were offered by Senators Pittman, Oddie, and others, both in committee, and on the floor of the Senate. In the debate in the committee, Senator Johnson was in his prime at that time, and everyone admits that, whether they agreed with Senator Johnson or not, he was a fighter. He said to me in cross examination, "We would be glad to give Nevada and Arizona money in

lieu of taxes if there were such an amount of money available, but there is no such amount."

I said, "Senator," which is all a matter of evidence at that time, I think January 20, 1928, "what about the All-American Canal?" "It has no more to do with the Boulder Dam project than any other reclamation project. Why pay for it out of Boulder Dam power? In our State when we want a reclamation project, we borrow the money from the Government, build the project, and repay the Government over a period of years." That is exactly what the committee did. They took the All-American Canal out of the picture, which left the \$37,500,000; then I went on to explain that there would be no ditches to clean in Imperial Valley once the river cleared up and washed the silt out of the river so that the \$500,000 a year expended in cleaning the ditches would be unnecessary, and that will be available money.

Then, \$1,000,000 per year was being expended in rebuilding levees along the lower Colorado, because with 150,000 second-feet flow the valley (Imperial) was endangered, but with the Boulder Dam storage project holding the flow to 40,000 second-feet the 1,500,000 or at least a large part of such expenditure would be saved. So, as a result, they gave us, Arizona and Nevada, 37.5 percent of all of the money the project made above the payments due the Government each year when amortization payments should start. The Secretary of the Interior announced that these payments amount to \$700,000 per year to each State.

REVENUE IN LIEU OF TAXES COMPROMISE

In the Adjustment Act, Arizona and Nevada accepted \$300,000 a year in lieu of the \$700,000 per year to each State and then went on to make other adjustments to which all seven States agreed. The revenue payments being based upon the cost of oil for steam power—the payments to each State would have been more than one and one-half million per year at this time if the original act had not been amended. I recommended that such an attempt be made to equalize in some manner among the three States, the benefits of reclamation and financing. What they actually did, was to require the All-American Canal costing \$38,000,000, to be underwritten by the lands benefited in Imperial Valley. I note that this Readjustment Act also increased the revenue of the upper basin States, and provided that an investigation shall be made by the Government in Arizona and Nevada and the upper basin States to determine feasible agricultural projects for development. No projects have ever been paid for out of power or are being paid for out of power due to that amendment which I suggested to the then Senate Reclamation and Irrigation Committee on January 20, 1927.

NO SPECIFIC RIGHT TO WATER WITHOUT AGREEMENT

In conclusion, Mr. Chairman, I simply want to say that I am very desirous of seeing fair play, not only for California and Arizona but for my own State of Nevada. The 300,000 acre-feet of water that we are supposed to have allocated to our State was always simply taken for granted since it was not very much water, and therefore, no one ever paid it much attention, but we do not at this time have any water allocated to the State of Nevada through agreement by the lower basin States and neither does California or Arizona under the compact; and since there has been no agreement between the lower basin States, either under the provisions of the Boulder Dam Project Act or otherwise, which I want to emphasize again includes 2 States that have not been mentioned, New Mexico and Utah, then it is wide open, except for the appropriations that are mentioned by Delph Carpenter, original

appropriations already put to use, which would come out of the basin where the State is located.

I want to say again that all of these men that were in the fight—and I remember them all kindly; Delph is paralyzed and only his wife can understand him when he tries to talk; Mr. Scattergood, one of the finest engineers that I ever saw, and Bill Matthews, an attorney for Los Angeles, who is kindly remembered, and many others that I am unable at the moment to name—all contributed their share as they went through. They were fighting for their State but ready to concede something here and there to make the compact work, and to start the river development.

Senator MILLIKIN. I want to get this very clear. Does not Nevada claim the right to 300,000 acre-feet of water?

Senator MALONE. We do claim it but it has never been a part of any agreement. There have been conferences over a long period of time. I must have attended 30 or 40 such conferences during the 8½ years I was State engineer of Nevada, and Colorado River Commissioner. I should say, one such conference was held for several weeks in your city of Denver; but no agreement was ever reached.

Senator MILLIKIN. Let me pursue the matter a little further. Does not Nevada at this time claim the right to 300,000 acre-feet?

Senator MALONE. A claim is all it is. There is no right, and nothing could ever be attached as a right, because there has been no agreement between the States.

Senator MILLIKIN. As of this time, Nevada has no fixed right of any kind to water out of Colorado River?

Senator MALONE. No; and no other State has. Therefore, this matter is very complicated, and it is a matter then of interpretation of the compact, and even Delph Carpenter's learned discussion would have no bearing except to enlighten some of us in our conferences and in our discussions with each other, as to what the author of the compact had in mind, which might or might not affect the court's interpretation.

Senator MILLIKIN. May I ask this, Senator: You raised a very interesting angle in this business. Do your views coincide with those of the Senior Senator from Nevada?

Senator MALONE. Unfortunately, I think he is in the hospital, and I have not discussed this with him, but we did agree that the only way there could be an equitable division of the waters, as a matter of fact, if a project were to be constructed now in any State, that would take a large amount of water, the only way such a division probably could be secured within a reasonable time would be by a court adjudication. I cannot speak for him now as to his current opinion. I understand that he submitted a written statement.

Senator MILLIKIN. Do your views coincide with those of the Governor of Nevada?

Senator MALONE. That I could not say, because I have not conferred with him on this particular matter. I understand Mr. Smith, who took my place as State engineer of Nevada, and worked for me a number of years before that time, will be here Saturday.

Senator MILLIKIN. I should like to ask the California representatives whether they have the same theory of Nevada's rights as those expressed by the Senator from Nevada.

Mr. SHAW. I might add to what Senator MALONE has said, Mr. Chairman, that Nevada does have two contracts with the Secretary of the Interior, naming the quantities of 300,000 acre-feet in the aggregate, qualified by the clause "subject to availability for use in Nevada." That does to some extent throw the matter again wide open. Nevada, I believe, considers that the quantity named is within reasonable limits and is properly to be expected to belong to Nevada.

This, I think, might be said on the subject, and I think Senator MALONE would probably go along with the idea, that so long as there is no compact and no adjudication, everyone in the lower basin is subject to being sniped at, and subject to having political determinations either in the executive departments or in Congress affect the working out of actual projects either to Nevada's benefit or detriment. The same is true as to Arizona and as to California.

Senator MILLIKIN. I think that we are still missing the point that I am driving at. I think Senator MALONE has made it very clear. The Chair would like to know whether California is in agreement with the statement of Senator MALONE to the effect that Nevada, at the present time, has no right to 300,000 acre-feet or any other number of feet of water from the Colorado River.

Mr. SHAW. It has contracts. We are then bound to determine whether those contracts confer a right. There has been debate on that subject as to whether they confer water rights or whether they are something of a different category.

Senator MILLIKIN. Has California resolved its views as to whether it does or does not have a right? I am speaking of Nevada's right, if it has one.

Mr. SHAW. I am unable to answer that question positively.

Senator MALONE. I might clear that matter up further. I did not mean that the State of Nevada has not advanced a claim, and I do not mean that California has not advanced a claim, and that Arizona may have advanced a claim, but I do mean that none of us have any particular amount of water that we can say unequivocally belongs permanently to Nevada or any other State until a compact is signed by the lower basin States, or the water has been adjudicated by a competent authority.

Senator MILLIKIN. I think the Senator has made that clear. The reason I am probing this, I have been under the opinion that it was conceded by all parties that Nevada had a right to 300,000 acre-feet of water, and, of course, if that is not correct, we certainly should throw all of the clarification we can on it.

Senator MALONE. In every conference I have sat in, Mr. Chairman—you see out of the seven and one-half million and the additional million to the lower basin States, the 300,000, a small amount, was generally taken for granted but there has been nothing agreed upon officially or signed; so, if someone did question it, some new man representative of Arizona or California or Utah or New Mexico, in the lower basin, it would throw a cloud on any claim we have, and if it were never adjudicated and no compact ever signed giving us 300,000 acre-feet, then financing any projects under it would be serious.

Senator MILLIKIN. I may have misinterpreted the Senator's testimony, but the impression is that the Senator himself has thrown a doubt on it, and if that is not correct, that ought to be made very clear.

Senator MALONE. That is correct. I myself believe implicitly that even your own State of Colorado has no specific amount of water that it can call its own in the upper basin until you would either agree by compact between the four upper basin States or until it has been adjudicated by a competent authority.

Senator MILLIKIN. I would like to ask the representatives of the upper States whether there is any claim that Nevada does not have 300,000 acre-feet of water by way of fixed firm right?

Mr. BREITENSTEIN. We concede that the Nevada contract gives her the right to use 300,000 acre-feet of the Colorado River water. When you talk about a right, Senator, we get into complications. A water right is a right of use, and it is not a right to a can of tomatoes.

Senator MILLIKIN. I suggest that under the compact that is not at all correct. The purpose of the compact, one of the purposes of the compact, was to avoid the necessity for us to mature a right by use.

Mr. BREITENSTEIN. Your compact defines beneficial consumptive use of water. Now, Nevada has the right, as we see it, to use beneficially or consume beneficially 300,000 acre-feet of water per year.

Senator MILLIKIN. Is that contested by any of the States in the upper basin?

Mr. BREITENSTEIN. Not that I know of.

Senator MILLIKIN. Is that contested?

Mr. BREITENSTEIN. I have never heard of that contested by any person speaking for an upper basin State.

Senator MILLIKIN. How about the States in the upper division?

Senator MALONE. Would Mr. Breitenstein identify himself for the record?

Mr. BREITENSTEIN. My name is Jean S. Breitenstein. I am a lawyer, and I am attorney for the Colorado Water Conservation Board, which is the water agency of the State of Colorado charged with the protection of or conservation of water resources of the State.

Senator MALONE. I would like to ask Mr. Breitenstein a question. Does the upper basin have anything to do whatever with the division of the lower basin water?

Mr. BREITENSTEIN. No, sir.

Senator MALONE. What difference does it make whether you advance a claim to the water allocated under the compact to the lower basin, or that you do not? The upper basin States have no interest in the lower basin water.

Senator MILLIKIN. Well, the Chair's purpose was to find out whether Nevada's right, if she has one, has been generally accepted or whether it has been a matter of opinion and possibly conflict.

Senator MALONE. I want to say again, that the upper basin States have only one obligation, and that is to turn down 7,500,000 acre-feet of water annually, or 75,000,000 acre-feet in any 10-year period. The lower basin States have nothing whatever to do with the waters remaining in the upper basin and the upper basin States have nothing to do with the 7,500,000 turned down to the lower basin.

Senator MILLIKIN. I was not proposing to raise that question. I was simply trying to find out what the state of opinion is around here as to all of the States on the river, as to whether Nevada has a fixed right to a certain amount of water.

Now, as I understand it, the upper basin States do not challenge that right. If I am not correct in that, I would like to have someone correct me. As I understand it, California has not yet matured her conclusions as to whether that is or is not correct. Is that right?

Mr. SHAW. There are legal questions involved there as to the nature of these contracts from the Secretary of the Interior that I would rather not attempt to express a view on without pretty careful consideration, Senator.

May I add two thoughts, if you please. In a sense, each of the States on an interstate river has a right to equitable apportionment, that is, a right to a share of the whole use of the river. Now, that is something which must be taken into account in answering your question. I would like to make a little comparison. The State of Nevada has a secretarial contract under section 5 of the Boulder Canyon Project Act. It has two contracts aggregating 300,000 acre-feet. The States of Utah and New Mexico have no such contracts. Their position is therefore less advanced and less secure and less definite than that of the State of Nevada.

Senator MALONE. Could I ask a question of the witness? Are you referring to the paragraph that I read, where the Congress of

the United States merely consents to a division of the waters, that that gave us a claim?

Mr. SHAW. I was not referring to that paragraph.

Senator MALONE. Will you tell me the one to which you refer?

Mr. SHAW. I was referring to the law of equitable apportionment, and that is something—if I may just complete the thought—undetermined and unadjudicated and still in full consideration of the Senator's question must be taken into account.

Senator MILLIKIN. Will you hold up just a moment? Does Arizona challenge the right of Nevada to 300,000 acre-feet?

Mr. CARSON. No; we do not. We have put in the Arizona contract this clause:

"Arizona recognizes the right of the United States and the State of Nevada to contract for the delivery from storage in Lake Mead for annual beneficial consumptive use within Nevada, for agricultural and domestic uses, of 300,000 acre-feet of the water apportioned to the lower basin by the Colorado River compact, and in addition thereto, to make contract for like use of one twenty-fifth of any excess or surplus water available in the lower basin and unapportioned by the Colorado River compact, which waters are subject to further equitable apportionment after October 1, 1963, as provided in article III (f) and III (g) of the Colorado River compact."

Now, since Utah and New Mexico have been mentioned here, I would like to read the next paragraph in this contract.

Senator MILLIKIN. This is a contract between Arizona and the Secretary of the Interior?

Mr. CARSON. Yes.

Senator MILLIKIN. What is the date of that contract?

Mr. CARSON. The 9th of February 1944. It was ratified by the Arizona Legislature:

"Arizona recognizes the rights of New Mexico and Utah to equitable share of the water apportioned by the Colorado River compact in the lower basin and also water unapportioned by such compact; and nothing contained in this contract shall prejudice such rights."

Mr. SHAW. Would you be kind enough to read the next section?

Mr. CARSON. That was (g).

Now, I would like to offer this entire contract for the record.

Senator MILLIKIN. It will be put in the record.

Mr. CARSON. It appears on page 240 of the Bridge Canyon project hearings on Senate bill 1175.

Mr. ELY. We have already entered that as an exhibit to our testimony.

Senator MILLIKIN. Since it has been offered, would that be sufficient?

Mr. CARSON. I would like to have it entered.

Senator MILLIKIN. Put it in at this point, even at the risk of encumbering the record. I do not like to have to make all sorts of cross-references all of the time to find the material.

Mr. CARSON. All right.

Then, in Arizona's view Nevada has a firm right to 300,000 acre-feet, plus one twenty-fifth of the surplus which comes from our half of the surplus, and the division is made in the lower basin by virtue of the California Limitation Act in article IV of the Boulder Canyon Project Act, which the Senator from Nevada did not read, but which limits California to 4,400,000 acre-feet.

Now then, that leaves for Nevada and Arizona the balance of the 7,500,000 acre-feet of III (a) water apportioned to the lower basin, plus that small part of Utah and New Mexico, which are in the lower basin, and there is no dispute between Arizona and Utah or New Mexico over that water, nor with Nevada.

Mr. SHAW. Could I have paragraph (h) of that contract read?

Senator MALONE. I would like to have section (h) read.

Mr. SHAW. With the chairman's permission, I would like to read into the Record the subsection of this contract immediately following the two which counsel for Arizona read.

Senator MALONE. Is this a contract or is it something adopted by the State legislature?

Mr. SHAW. It is a secretarial contract, approved by the State legislature of Arizona:

"Arizona recognizes the right of the United States and agencies of the State of California to contract for storage and delivery of water from Lake Mead for beneficial consumptive use in California, provided that the aggregate of all such deliveries and uses in California from the Colorado River shall not exceed the limitation of such uses in that State required by the provisions of the Boulder Canyon Project Act and agreed to by the State of California by an act of its legislature, upon which limitation the State of Arizona expressly relies."

Now, I wish to make these two comments. Obviously, the formulas adopted in this contract for recognition of the rights of Nevada, Utah, and New Mexico and California are wide open to the questions, the legal questions, which have been presented. They are not self-defining numerical quantities in all respects. They are subject to the provisions of section 10 of the same contract, and "neither article 7 which contains these three subdivisions which have been read, nor any other provision of this contract shall impair the right of Arizona and other States and the users of water therein to maintain, prosecute or defend any action respecting, and is without prejudice to, any of the respective contentions of said States and water users as to (1) the intent, effect, meaning, and interpretation of said compact and said act; (2) what part, if any, of the water used or contracted for by any of them falls within article III (a) of the Colorado River compact; (3) what part, if any, is within article III (b) thereof; (4) what part, if any, is excess or surplus waters unapportioned by said compact; and (5) what limitations on use, rights of use, and relative priorities exist as to the waters of the Colorado River system; provided, however, that by these reservations there is no intent to disturb the apportionment made by article III (a) of the Colorado River compact between the upper basin and the lower basin."

We, on the part of California, and I do not want to have any mistake about this, do not challenge the right of the State of Nevada or the privilege of the State of Nevada, or whatever you may call it, to use 300,000 acre-feet of water. Nevada, however, without any adjudication, is standing out here deriving what comfort it can from this contract, but without any definition by any court or any compact of its exact rights.

GOV. VAIL PITTMAN'S LETTER—NO LOWER BASIN COMPACT

Senator MILLIKIN. I believe, Senator MALONE, I should bring to your attention the letter of Governor Pittman of May 10, 1948, to this subcommittee. In the course of the letter the following appears:

"Nevada is seriously concerned as to the effect of congressional action upon the promotion and development of projects in the other States in the lower basin, which may have undesirable repercussions upon Nevada's allotment of water and power."

"In the absence of an effective allocation of water between the States of the lower basin, these States may rely upon their respective State water codes, and their rights as established by priority of beneficial use could result in depriving Nevada of a part

of the water to which the State is entitled under the Colorado River compact and section 4 (a) of the Boulder Canyon Project Act. The amount of water Nevada would receive under this agreement (300,000 acre-feet), while very small compared with the proposed allocations to Arizona and California, is vitally important to the welfare of southern Nevada. The danger of loss of a portion of this water to Nevada is accentuated by the necessity of supplying water to the Republic of Mexico as required by the Mexican Water Treaty of 1945.

"Nevada has a contract executed by the Secretary of the Interior under the project act for 17,6259 percent of all firm hydroelectric power produced at Hoover Dam. The necessity of conserving as much of this energy as possible is of the greatest importance to Nevada. The electric power is imperatively needed for present operation and development of natural resources in mining and irrigation, which are rapidly expanding, and for the operation of Basic Magnesium project which is now being acquired by Nevada from War Assets Administration where industries of great benefit to the State and to the national welfare are in operation; and others are negotiating for space and power."

I shall make the whole letter available to you, Senator, but here is another part that I want to refer to:

"Nevada's past experience conclusively leads me to believe that a three-State compact or agreement cannot be reached and further discussions will prove futile. Our State for many years has spent much time and money in efforts to bring the three-State compact into being, completely without results. At last Nevada discontinued negotiations and on March 30, 1942, contracted directly with the Bureau of Reclamation for 100,000 acre-feet of water from Lake Mead storage as water was urgently needed for the wartime Basic Magnesium project. Meantime, Arizona petitioned Secretary Ickes for a contract of withdrawal of up to 2,800,000 acre-feet from the main stream, that State's entire allotment, less certain deductions and qualifications in the contract. This led Nevada to contract for an additional 200,000 acre-feet, the limit of our right under the authorized three-State contract. The right is only for withdrawal of stored water when it is available."

Now, for whatever bearing that may have I thought that you should have that directly before you.

Senator MALONE. Mr. Chairman, I appreciate that. No doubt the governor sent me a copy, but in the press of other business it did not reach me. It has not been called to my attention. He says the same thing in his letter that I have just said for the record. What I want to say again is that I appreciate very much the protection afforded by the contract that the Legislature of Arizona has ratified, but as you can see, California still leaves the gate wide open, and the only way it could bind the State of Arizona would be through a compact with Nevada, ratified by the legislatures of both States, and even then the remaining three States of the lower basin would in no way be bound. I think California questions the 4,400,000 acre-feet limitation indicated by the Boulder Dam Project Act, and there are various ways, you understand, that you can compute water. One might be through gross diversions, and others through beneficial consumptive use, and you will find that in Delph Carpenter's explanation of the compact it is always beneficial consumptive use. Arizona, for example, computes their use of the Gila River waters in a certain manner—other computations use a different formula—neither I nor the State of Nevada can say what method should be used, but a court of competent jurisdiction can resolve the question.

Consumptive use means that in Colorado, for example, or the upper basin, you could and probably will divert the water, a considerable part of it, several times, and you have in Colorado one of the highest duties of water of any State in the West, primarily because you have such a large return flow. I am talking about beneficial consumptive use; I think it is only a little over an acre-foot or between an acre-foot and 2 acre-feet per acre. Whereas, if it were diverted and never returned to the stream system, it might be several times that, but your return flow is such that your beneficial consumptive use is very low.

UNITED STATES-MEXICO WATER TREATY

I want to say a further word about this. Highly complicating this entire picture is the 1,500,000 acre-feet allocated to Old Mexico. That has been ratified by the Senate of the United States and it is duly signed, and there is nothing that anyone can do about it. I examined personally the lands in Old Mexico in 1927 and 1928. I have a peculiar habit of looking at things that I have to do something about. They never at any time, in my judgment, irrigated over 30,000 to 40,000 acres at one time, but they had about 200,000 acres under cultivation due to irrigating a part of it for 2 or 3 years, and then shifting to other parts of the land.

But now instead of the three-quarters of a million acre-feet, which is at least 100,000 acre-feet more than anyone thought they would ever be allocated and certainly that much more than they had ever utilized at any one time prior to the construction of the dam, they get 1,500,000 acre-feet. The 1,500,000 acre-feet must come from some place. It immediately dissipates any idea that there is going to be any large unallocated surplus, or maybe even very little of that 1,000,000 acre-feet that is allocated to the lower basin, in addition to the 7,500,000 acre-feet to the lower basin to be delivered at Lees Ferry by the upper basin. Through all of the negotiations—and you understand that I am not passing on these questions—we tried to meet the necessary problems in the interest of harmony and to get development started on the Colorado River, feeling that the rest of it would be growing pains—just like we are going through now. I do not want to hurt any State in the basin, either the upper or lower basin.

Therefore, I want it clearly understood that in my opinion there is not now any allocation to any specific State in the basin. I know the Secretary of the Interior has made these contracts, and they have made them with California, and they are about to make them or have made them with Arizona, and they have made two with us, but the Secretary of the Interior in the last 15 years has had a habit of taking on a good deal of authority—and I think the chairman is fully familiar with all of the ramifications of that habit—and that all of the Department's actions do not have the weight of law.

The Secretary of the Interior, Mr. Ickes, was entirely unfamiliar with water law in the West, and this is no disparagement of him, and the present Secretary, Mr. Krug, is entirely unfamiliar with our methods of water use in the West, and therefore it comes back to the old saying, "No one can talk quite so convincingly on a subject as someone entirely unhampered by the facts."

ONLY LOWER BASIN COMPACT OR AGREEMENT CAN DIVIDE THE WATER

I cannot settle this problem between Arizona, California, Nevada, New Mexico, and Utah. Only those States can settle it through a compact—or the rights can be adjudicated by a competent authority.

I want to make this point, that Delph Carpenter, when he says what the compact

means—and he leaves for the moment aside what the States ratified—he is just like GEORGE MALONE or our chairman or anyone else; he is just 1 out of 140,000,000 making up the United States. What he says, and he wrote the compact, and he evidently meant it to mean that it included the Gila River, and it included every stream and every foot of watershed in it and to be based on beneficial consumptive use, but nevertheless, that is only Delph Carpenter, and I have the highest regard for him. We used to call him the "silver fox of the Rockies." However, the questions of fact must still be left to the court if there is a disagreement.

MOVE ONE STEP AT A TIME—GROWING PAINS

What we did at that time seemed right to us, but there are so many interpretations of even the compact itself, as you have seen here this morning, that it is my earnest opinion that the way to save time and to utilize the waters of that basin, in view of the fact that I agree wholeheartedly with the Governor, who has, along with Tom Smith, our State engineer, sat in these conferences almost continuously since I left the Commission, that there would probably never be an agreement between the lower basin States in the division of water.

I concur in that position, and I think my friends from Arizona and California would also concur. Therefore, it is very important that the Government of the United States not assist anyone, Nevada, Arizona, California, New Mexico, or Utah, in establishing priorities that might be inimical to the rights of any other State until such determination is made either by compact or adjudication.

I have been advised that if a compact is not possible the quickest way to determine the rights would be through an adjudication by the Supreme Court, and should not hold us up, perhaps, more than a year, which, in view of the fact that the Boulder Canyon project was held up 7 years, even after Mr. Hoover called the States together in Santa Fe, N. Mex., since it has taken the States of the West many years on all major projects to arrive at the proper solution, the time element would not be out of line when the importance of the subject is considered.

What I am saying is that rather than deprive California and Arizona and Nevada or any other State of their proper rights, 1 year more or less is relatively unimportant, and if they are unable to do it for themselves, there should be a competent body to do the job. Now, it did make some difference in my thought on the subject when the Bureau of Reclamation came in and said that they were going to pump the water from Parker Dam to central Arizona instead of taking it out of the Bridge Canyon, because if it were taken out of Bridge Canyon, I think the Governor of Nevada, Mr. Vall Pittman, has very well covered it, that would divert a large amount of water without any adjudication, compact, or determination of rights above Boulder and Davis Dams where power is developed and then used for irrigation; and, of course, acts as flood control. They are truly multiple-purpose dams, but it would change materially the matter of repayments by reducing the power development upon which the project was originally financed.

I want to make this one point again. Not in any part of the lower river basin with which I am familiar has power developed on the main stream been used to finance an irrigation district. The Bridge Canyon project, if it is built, will produce a lot of power. The water will go through the Bridge Canyon, then on through Hoover and Davis Dams. The power will be available to the basin States, wherever it can be economically transmitted. I understand at Parker it will take about a third of this power to pump the water back into central Arizona. Approx-

mately one-third of the power is used for that purpose, and then the revenue from the power, the power is fixed at a price that will repay the Government for the Central Arizona project. It is an exact parallel, as I see it, to the All-American canal that the Congress rejected, through denial of the use of Boulder Dam revenue with which to repay the Government for the cost of the All-American canal.

I am not suggesting what should be done. I am merely outlining what has been done, and I think in order to meet the future developments on the river it is necessary for the committee to know what has been done and what precedents have been established and the real points at issue.

I heartily agree with the Senator, the chairman, in his conclusion that if you are going to write a book on this subject, you had better do it during the first 2 weeks before you become burdened with details, or else you had better wait several years, because once you begin to find out the real problems, you will be very reluctant to make a definite decision between the States on water rights. As a matter of fact, on none of these things, either in the Industrial Encyclopedia of the Eleven Western States, or in Senate Document 186 have I drawn conclusions. I have merely put down the evidence, so that anyone can refer to the documents as interpreted by the men on the job at the time, and the actions of the Congress of the United States, and make up their own mind.

I want to adopt that attitude all of the way through. As we go along certain precedents are set and become common procedure—fair to the States involved—so that Congress has finally established a definite method of procedure.

The reason that I joined with other Senators in the joint resolution then was because the necessary adjudication, in the absence of a compact, could be made only by the Supreme Court in my opinion, since I felt that the States would never make it. Just as my Governor has said in his letter. He had not communicated with me before writing the letter, but we agree on principle.

Mr. Chairman, unless there are further questions, I think that that concludes my statement.

Senator McFARLAND. There is just one matter that I would like to call Senator MALONE's attention to, and I am sure that he is familiar with it, and that is (b) under article IV of the compact, which reads:

"Subject to the provisions of this compact, water of the Colorado River system may be impounded and used for generation of electrical power, but such impounding and use shall be subservient to the use and consumption of such water for agricultural and domestic purposes and shall not interfere with or prevent use for such dominant purposes."

Then I would like to ask him if he is not familiar with the fact that the Colorado-Big Thompson in Colorado is financed largely from power generated?

Senator MALONE. I am referring to the power developed on the main lower basin stream where two or more States are interested; also following a compact or an adjudication the amount that any one State might divert would be determined.

Senator McFARLAND. I do not care to go into it any further.

Senator MILLIKIN. I think that that is extraneous to the immediate matter.

Senator MALONE. I am entirely familiar with the provision which the Senator just read.

Mr. Chairman, it is perfectly clear that not a single one of the seven States in the entire Colorado River watershed has a firm right to the use of any specific amount of water until such time as the water allocated to the upper and lower basins, respectively,

under the Colorado River compact has been divided between the States in the respective basins either through interstate agreements or compacts—or by a court of competent jurisdiction.

It is equally clear to me that the lower basin States, Arizona, California, Nevada, New Mexico, and Utah will not, within any reasonable time, agree upon such a division. I, therefore, Mr. Chairman, joined in the introduction of Senate Joint Resolution No. 145 to hasten the further development of the Colorado River.

Senator MILLIKIN. Thank you very much, Senator.

Mr. MALONE. Mr. President, this outline contains a rather complete record of progress of the Colorado River development with appropriate references in the interest of a better general understanding of the subject and a full ultimate development of that great river system.

AMENDMENT OF THE NATIONAL HOUSING ACT

Mr. FLANDERS. Mr. President, it is my desire to address the Senate on the subject of bringing inflation under control. Before doing so, however, I wish to report favorably from the Committee on Banking and Currency House bill 6959 to amend the National Housing Act, as amended, and for other purposes, with an amendment, and I submit a report (No. 1773) thereon.

Mr. WHERRY. Mr. President, the bill just reported by the Senator from Vermont is the housing bill, is it not?

Mr. FLANDERS. It is.

Mr. WHERRY. Mr. President, I feel that since the bill has been reported it should be a matter for debate as early as possible in the Senate. Therefore, if no Senator wishes to suggest why I should not do so, I shall ask unanimous consent, and now do ask unanimous consent that the unfinished business be temporarily laid aside, and that the Senate proceed to the consideration of House bill 6959.

Mr. BARKLEY. Mr. President, I have no objection to that procedure, but I think probably in fairness to the Members of the Senate there should be a quorum call.

Mr. WHERRY. I was just about to state that if any objection was raised, I should be glad to suggest the absence of a quorum, although perhaps it would not be necessary to do so.

Mr. BARKLEY. I do not know whether there will be any objection.

Mr. TOBEY. Mr. President, I will say to the distinguished acting majority leader and the distinguished minority leader that a Member of the Senate is going to object to consideration of the bill. I further wish to state that I shall insist upon a quorum call in order that the Senator interested may be protected. He is a Member on this side of the aisle.

Mr. WHERRY. I suggest the absence of a quorum.

Mr. FLANDERS. Mr. President, I understand that I do not lose the floor by this procedure?

The PRESIDING OFFICER. The Senator will not lose the floor.

The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Hawkes	Myers
Baldwin	Hayden	O'Connor
Ball	Hickenlooper	O'Mahoney
Barkley	Hill	Pepper
Brewster	Hoey	Reed
Bricker	Holland	Revercomb
Bridges	Ives	Robertson, Va.
Brooks	Jenner	Robertson, Wyo.
Buck	Johnson, Colo.	Russell
Butler	Johnston, S. C.	Saltonstall
Byrd	Kem	Smith
Cain	Kilgore	Sparkman
Capehart	Knowland	Stennis
Capper	Langer	Taft
Connally	Lodge	Taylor
Cooper	Lucas	Thomas, Okla.
Cordon	McCarthy	Thomas, Utah
Downey	McClellan	Thye
Dworshak	McFarland	Tobey
Eastland	McGrath	Tydings
Eaton	McKellar	Umstead
Ellender	McMahon	Vandenberg
Feazel	Magnuson	Watkins
Ferguson	Malone	Wherry
Flanders	Martin	Wiley
Fulbright	Millikin	Williams
Green	Moore	Wilson
Gurney	Morse	Young
Hatch	Murray	

Mr. WHERRY. I announce that the Senator from South Dakota [Mr. BUSHFIELD] is necessarily absent.

Mr. LUCAS. I announce that the Senator from New Mexico [Mr. CHAVEZ] is unavoidably detained.

The Senator from Georgia [Mr. GEORGE], the Senator from Nevada [Mr. McCARRAN], the Senator from Texas [Mr. O'DANIEL], and the Senator from New York [Mr. WAGNER] are necessarily absent.

The Senator from South Carolina [Mr. MAYBANK] is absent by leave of the Senate.

The Senator from Tennessee [Mr. STEWART] is necessarily absent in the State of Tennessee, because of a primary and general election which is being held today.

The PRESIDING OFFICER (Mr. KEM in the chair). Eighty-six Senators have answered to their names. A quorum is present.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. FLANDERS. I yield.

Mr. WHERRY. Before the quorum call I had proposed a unanimous-consent request temporarily to lay aside the unfinished business and proceed to the consideration of House bill 6959. At that time it was suggested by the chairman of the committee [Mr. TOBEY] that he thought possibly an objection would be made to the present consideration of the bill. I did not know that when I proposed the unanimous-consent request. I now renew the request.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Nebraska?

There being no objection, the Senate proceeded to consider the bill (H. R. 6959) to amend the National Housing Act, as amended, and for other purposes, which had been reported from the Committee on Banking and Currency with an amendment, to strike out all after the enacting clause and insert:

That this act may be cited as the "Housing Act of 1948."

DECLARATION OF NATIONAL HOUSING POLICY

SEC. 2. The Congress hereby declares that the general welfare and security of the Nation and the health and living standards of its people require a production of residential construction and related community development sufficient to remedy the serious cumulative housing shortage, to eliminate slums and blighted areas, to realize as soon as feasible the goal of a decent home and a suitable living environment for every American family, and to develop and redevelop communities so as to advance the growth and wealth of the Nation. The Congress further declares that such production is necessary to enable the housing industry to make its full contribution toward an economy of maximum employment, production, and purchasing power. The policy to be followed in attaining the national housing objective hereby established shall be: (1) Private enterprise shall be encouraged to serve as large a part of the total need as it can; (2) governmental assistance shall be utilized where feasible to enable private enterprise to serve more of the total need and (3) governmental aid to clear slums and provide adequate housing for groups with incomes so low that they cannot otherwise be decently housed in new or existing housing shall be extended only to those localities which estimate their own needs and demonstrate that these needs cannot fully be met through reliance solely upon private enterprise and upon local and State revenues, and without such aid.

TITLE I—FHA TITLE VI AND TRANSITIONAL PERIOD AMENDMENTS

SEC. 101. The National Housing Act, as amended, is hereby amended as follows:

TITLE VI AMENDMENTS

(a) Section 603 (a) is amended—

(1) By striking out "\$5,350,000,000" and inserting in lieu thereof "\$5,750,000,000 except that with the approval of the President such aggregate amount may be increased to not to exceed \$6,150,000,000";

(2) By striking out the second proviso and inserting in lieu thereof the following: "Provided further, That no mortgage shall be insured under section 603 of this title after April 30, 1948, except (A) pursuant to a commitment to insure, issued on or before April 30, 1948, or (B) a mortgage given to refinance an existing mortgage insured under section 603 of this title and which does not exceed the original principal amount and unexpired term of such existing mortgage, and no mortgage shall be insured under section 608 of this title after March 31, 1949, except (i) pursuant to a commitment to insure issued on or before March 31, 1949, or (ii) a mortgage given to refinance an existing mortgage insured under section 608 of this title and which does not exceed the original principal amount and unexpired term of such existing mortgage";

(b) Section 608 (b) (3) (B) is amended by striking out the semicolon and the word "and" at the end of the first proviso and inserting in lieu thereof a colon and the following: "And provided further, That the principal obligation of the mortgage shall not, in any event, exceed 90 percent of the Administrator's estimate of the replacement cost of the property or project on the basis of the costs prevailing on December 31, 1947, for properties or projects of comparable quality in the locality where such property or project is to be located; and";

(c) (1) Section 608 (b) (3) (C) is amended by striking out "\$1,500 per room" and inserting in lieu thereof "\$3,100 per family unit";

(2) Section 608 (b) (3) (C) is amended by striking out the colon and the proviso and inserting in lieu thereof a period.

(d) Section 609 is amended—

(a) By striking out all of paragraph (1) of subsection (b) and inserting in lieu thereof the following:

"(1) The manufacturer shall establish that binding purchase contracts have been executed satisfactory to the Administrator providing for the purchase and delivery of the houses to be manufactured, which contracts shall provide for the payment of the purchase price at such time as may be agreed to by the parties thereto, but, in no event, shall the purchase price be payable on a date in excess of 30 days after the date of delivery of such houses, unless not less than 20 percent of such purchase price is paid on or before the date of delivery and the lender has accepted and discounted or has agreed to accept and discount, pursuant to subsection (1) of this section a promissory note or notes, executed by the purchaser, representing the unpaid portion of such purchase price, in which event such unpaid portion of the purchase price may be payable on a date not in excess of 180 days from the date of delivery of such houses;"

(b) By striking out the first and second sentences of paragraph (4) of subsection (b) and inserting in lieu thereof the following:

"The loan shall involve a principal obligation in an amount not to exceed 90 percent of the amount which the Administrator estimates will be the necessary current cost, exclusive of profit, of manufacturing the houses, which are the subject of such purchase contracts assigned to secure the loan, less any sums paid by the purchaser under said purchase contracts prior to the assignment thereof. The loan shall be secured by an assignment of the aforesaid purchase contracts and of all sums payable thereunder on or after the date of such assignment, with the right in the assignee to proceed against such security in case of default as provided in the assignment, which assignment shall be in such form and contain such terms and conditions as may be prescribed by the Administrator; and the Administrator may require such other agreements and undertakings to further secure the loan as he may determine, including the right, in case of default or at any time necessary to protect the lender, to compel delivery to the lender of any houses then owned and in the possession of the borrower."

(c) By adding at the end of subsection (f) the following new sentence: "The provisions of section 603 (d) shall also be applicable to loans insured under this section and the reference in said section 603 (d) to a mortgage shall be construed to include a loan or loans with respect to which a contract of insurance is issued pursuant to this section."

(d) By adding at the end thereof the following new subsection:

"(i) (1) In addition to the insurance of the principal loan to finance the manufacture of housing, as provided in this section, and in order to provide short-term financing in the sale of houses to be delivered pursuant to the purchase contract or contracts assigned as security for such principal loan, the Administrator is authorized, under such terms and conditions and subject to such limitations as he may prescribe, to insure the lender against any losses it may sustain resulting from the acceptance and discount of a promissory note or notes executed by a purchaser of any such houses representing an unpaid portion of the purchase price of any such houses. No such promissory note or notes accepted and discounted by the lender pursuant to this subsection shall involve a principal obligation in excess of 80 percent of the purchase price of the manufactured house or houses; have a

maturity in excess of 180 days from the date of the note or bear interest in excess of 4 percent per annum; nor may the principal amount of such promissory notes, with respect to any individual principal loan, outstanding and unpaid at any one time, exceed in the aggregate an amount prescribed by the Administrator.

"(2) The Administrator is authorized to include in any contract of insurance executed by him with respect to the insurance of a loan to finance the manufacture of houses, provisions to effectuate the insurance against any such losses under this subsection.

"(3) The failure of the purchaser to make any payment due under or provided to be paid by the terms of any note or notes executed by the purchaser and accepted and discounted by the lender under the provisions of this subsection, shall be considered as a default under this subsection, and if such default continues for a period of 30 days, the lender shall be entitled to receive the benefits of the insurance, as provided in subsection (d) of this section except that debentures issued pursuant to this subsection shall have a face value equal to the unpaid principal balance of the loan plus interest at the rate of 4 percent per annum from the date of default to the date the application is filed for the insurance benefits.

"(4) Debentures issued with respect to the insurance granted under this subsection shall be issued in accordance with the provisions of section 604 (d) except that such debentures shall be dated as of the date application is filed for the insurance benefits and shall bear interest from such date.

"(5) The Administrator is authorized to fix a premium charge for the insurance granted under this subsection, in addition to the premium charge authorized under subsection (h) of this section. Such premium charge shall not exceed an amount equivalent to 1 percent of the original principal of such promissory note or notes and shall be paid at such time and in such manner as may be prescribed by the Administrator."

(e) Section 610 is amended by adding at the end thereof the following new paragraph:

"The Administrator is further authorized to insure or to make commitments to insure in accordance with the provisions of this section any mortgage executed in connection with the sale by the Government, or any agency or official thereof, of any of the so-called Greenbelt towns, or parts thereof, including projects, or parts thereof, known as Greenhills, Ohio, Greenbelt, Md., and Greendale, Wis., developed under the Emergency Relief Appropriation Act of 1935, or of any of the village properties under the jurisdiction of the Tennessee Valley Authority, and any mortgage executed in connection with the first resale, within 2 years from the date of its acquisition from the Government, of any portion of a project or property which is the security for a mortgage insured pursuant to the provisions of this section."

(f) Title VI is amended by adding after section 610 the following new section:

"SEC. 611. (a) In addition to mortgages insured under other sections of this title, and in order to assist and encourage the application of cost-reduction techniques through large-scale modernized site construction of housing and the erection of houses produced by modern industrial processes, the Administrator is authorized to insure mortgages (including advances on such mortgages during construction) which are eligible for insurance as hereinafter provided.

"(b) To be eligible for insurance under this section, a mortgage shall—

"(1) have been made to and be held by a mortgagee approved by the Administrator as responsible and able to service the mortgage properly;

"(2) cover property, held by a mortgagor approved by the Administrator, upon which there is to be constructed or erected dwelling

units for not less than 25 families consisting of a group of single-family or two-family dwellings approved by the Administrator for mortgage insurance prior to the beginning of construction: *Provided*, That during the course of construction there may be located upon the mortgaged property a plant for the fabrication or storage of such dwellings or sections or parts thereof, and the Administrator may consent to the removal or release of such plant from the lien of the mortgage upon such terms and conditions as he may approve;

"(3) involve a principal obligation in an amount—

"(A) not to exceed 90 percent of the amount which the Administrator estimates will be the value of the completed property or project, exclusive of any plant of the character described in paragraph (2) of this subsection located thereon, and

"(B) not to exceed a sum computed on the individual dwellings comprising the total project as follows:

"(i) \$8,100 or 90 percent of the valuation, whichever is less, with respect to each single-family dwelling, and

"(ii) \$12,500 or 90 percent of the valuation, whichever is less, with respect to each two-family dwelling.

"With respect to the insurance of advances during construction, the Administrator is authorized to approve advances by the mortgagee to cover the cost of materials delivered upon the mortgaged property and labor performed in the fabrication or erection thereof;

"(4) provide for complete amortization by periodic payments within such term as the Administrator shall prescribe and shall bear interest (exclusive of premium charges for insurance) at not to exceed 4 percent per annum on the amount of the principal obligation outstanding at any time: *Provided*, That the Administrator, with the approval of the Secretary of the Treasury, may prescribe by regulation a higher maximum rate of interest, not exceeding 4½ percent per annum on the amount of the principal obligation outstanding at any time, if he finds that the mortgage market demands it. The Administrator may consent to the release of a part or parts of the mortgaged property from the lien of the mortgage upon such terms and conditions as he may prescribe and the mortgage may provide for such release.

"(c) Preference or priority of opportunity in the occupancy of the mortgaged property for veterans of World War II and their immediate families and for hardship cases as defined by the Administrator shall be provided under such regulations and procedures as may be prescribed by the Administrator.

"(d) The provisions of subsections (c), (d), (e), and (f) of section 608 shall be applicable to mortgages insured under this section."

TITLE II AMENDMENTS

(g) Sections 203 (b) (2) (B) is amended by striking out "\$5,400" and inserting in lieu thereof "\$6,300."

(h) Section 203 (b) (2) (C) is amended—
(1) By striking out "\$8,600" and inserting in lieu thereof "\$9,500";

(2) By striking out "\$6,000" in each place where it appears and inserting in lieu thereof "\$7,000";

(3) By striking out "\$10,000" and inserting in lieu thereof "\$11,000."

(i) Section 203 (b) is amended by striking out in paragraph No. (3) the following: "of the character described in paragraph (2) (B) of this subsection" and inserting in lieu thereof the following: "on property approved for insurance prior to the beginning of construction."

(j) Section 203 (b) is amended as follows:

(1) By striking out the period at the end of paragraph (2) (C), inserting in lieu thereof a comma and the word "or," and adding the following new paragraph:

"(D) not to exceed \$8,000 and not to exceed 90 percent of the appraised value, as of the date the mortgage is accepted for insurance (or 95 percent if, in the determination of the Administrator, insurance of mortgages involving a principal obligation in such amount under this paragraph would not reasonably be expected to contribute to substantial increases in costs and prices of housing facilities for families of moderate income), of a property, urban, suburban, or rural, upon which there is located a dwelling designed principally for a single-family residence the construction of which is begun after March 31, 1949, and which is approved for mortgage insurance prior to the beginning of construction: *Provided*, That the Administrator may by regulation provide that the principal obligation of any mortgage eligible for insurance under this paragraph shall be fixed at a lesser amount than \$6,000 where he finds that for any section of the country or at any time a lower-cost dwelling for families of lower income is feasible without sacrifice of sound standards of construction, design, and livability: *And provided further*, That with respect to mortgages insured under this paragraph the mortgagor shall be the owner and occupant of the property at the time of the insurance and shall have paid on account of the property at least 10 percent (or 5 percent, in the case of a 95-percent mortgage insured pursuant to this paragraph (D)) of the appraised value in cash or its equivalent, or shall be the builder constructing the dwelling in which case the principal obligation shall not exceed 85 percent of the appraised value of the property."

(2) By striking out the period at the end of paragraph No. (3), and adding a comma and the following: "or not to exceed 30 years in the case of a mortgage insured under paragraph (2) (D) of this subsection."

(3) By striking out the period at the end of paragraph No. (5), and adding a comma and the following: "or not to exceed 4 percent per annum in the case of a mortgage insured under paragraph (2) (D) of this subsection."

(k) (1) Section 203 (c) is amended (1) by striking out in the last sentence the words "section or section 210" and inserting in lieu thereof the word "title"; and (2) by striking out in said sentence (i) the words "under this section", and (ii) the following: "and a mortgage on the same property is accepted for insurance at the time of such payment."

(2) Section 603 (c) is amended by striking out in the next to the last sentence the following: "and a mortgage on the same property is accepted for insurance at the time of such payment."

(l) Section 204 (a) is amended—

(1) By striking out, in the last sentence, the following: "prior to July 1, 1944,";

(2) By inserting between the first and second provisos in the last sentence the following: "*And provided further*, That with respect to mortgages which are accepted for insurance under section 203 (b) (2) (D) or under the second proviso of section 207 (c) (2) of this act, there may be included in the debentures issued by the Administrator on account of the cost of foreclosure (or of acquiring the property by other means) actually paid by the mortgagee and approved by the Administrator an amount, not in excess of two-thirds of such cost or \$75 whichever is the greater."

(m) (1) Section 207 (b) is amended by amending paragraph numbered (1) to read as follows:

"(1) Federal or State instrumentalities, municipal corporate instrumentalities of one or more States, or limited dividend or redevelopment or housing corporations restricted by Federal or State laws or regulations of State banking or insurance departments as to rents, charges, capital struc-

ture, rate of return, or methods of operation; or".

(2) Section 207 (c) is amended by amending the first sentence to read as follows:

"(c) To be eligible for insurance under this section a mortgage on any property or project shall involve a principal obligation in an amount—

"(1) not to exceed \$5,000,000, or, if executed by a mortgagor coming within the provisions of paragraph numbered (b) (1) of this section, not to exceed \$50,000,000;

"(2) not to exceed 80 percent of the amount which the Administrator estimates will be the value of the property or project when the proposed improvements are completed, including the land; the proposed physical improvements; utilities within the boundaries of the property or project; architects' fees; taxes and interest accruing during construction; and other miscellaneous charges incident to construction and approved by the Administrator: *Provided*, That, except with respect to a mortgage executed by a mortgagor coming within the provisions of paragraph numbered (b) (1) of this section, such mortgage shall not exceed the amount which the Administrator estimates will be the cost of the completed physical improvements on the property or project, exclusive of public utilities and streets and organization and legal expenses; and

"(3) not to exceed \$8,100 per family unit for such part of such property or project as may be attributable to dwelling use."

(n) (1) Section 207 (h) is amended by striking out, in paragraph numbered (1), the words "paid to the mortgagor of such property", and inserting in lieu thereof the following: "retained by the Administrator and credited to the Housing Insurance Fund."

(2) Section 204 (f) is amended by inserting in clause numbered (1), immediately preceding the semicolon, the following: "if the mortgage was insured under section 203 and shall be retained by the Administrator and credited to the Housing Insurance Fund if the mortgage was insured under section 207."

TITLE I AMENDMENTS

(a) Section 2 is amended:

(1) By striking out "\$165,000,000" in subsection (a) and inserting in lieu thereof "\$175,000,000";

(2) By striking out "\$3,000" in subsection (b) and inserting in lieu thereof "\$4,500";

(3) By striking out the first proviso in the first sentence of subsection (b) and inserting in lieu thereof the following: "*Provided*, That insurance may be granted to any such financial institution with respect to any obligation not in excess of \$10,000 and having a maturity not in excess of 7 years and 32 days representing any such loan, advance of credit, or purchase made by it if such loan, advance of credit, or purchase is made for the purpose of financing the alteration, repair, improvement, or conversion of an existing structure used or to be used as a hotel, apartment house, dwelling for two or more families, hospital, orphanage, college, or school."

(4) By striking out the last sentence of subsection (b).

Sec. 102. In order to aid housing production, the Reconstruction Finance Corporation is authorized to make loans to and purchase the obligations of any business enterprise for the purpose of providing financial assistance for the production of prefabricated houses or prefabricated housing components, or for large-scale modernized site construction. Such loans or purchases shall be made under such terms and conditions and with such maturities as the Corporation may determine: *Provided*, That to the extent that the proceeds of such loans or purchases are used for the purchase of equipment, plant, or machinery the principal obligation shall not exceed 75 percent of the purchase price of such equipment, plant, or machinery:

And provided further, That the total amount of commitments for loans made and obligations purchased under this section shall not exceed \$50,000,000 outstanding at any one time, and no financial assistance shall be extended under this section unless it is not otherwise available on reasonable terms.

Sec. 103. The Servicemen's Readjustment Act of 1944, as amended, is hereby amended by striking out the period at the end of section 500 (b) and inserting in lieu thereof the following: "And provided further, That the Administrator, with the approval of the Secretary of the Treasury, may prescribe by regulation a higher maximum rate of interest than otherwise prescribed in this section for loans guaranteed under this title, but not exceeding 4½ percent per annum, if he finds that the loan market demands it."

TITLE II—SECONDARY MARKET FOR GI HOME LOANS AND FEDERAL HOUSING ADMINISTRATION INSURED MORTGAGES

Sec. 201. Section 301 (a) (1) of the National Housing Act, as amended, is amended by striking out the words "which are insured after April 30, 1948, under section 203 or section 603 of this act, or guaranteed under section 501, 502, or 505 (a) of the Servicemen's Readjustment Act of 1944, as amended" and inserting in lieu thereof the words "which are insured after April 30, 1948, under title II, or title VI of this act, or guaranteed after April 30, 1948, under section 501, or section 502, or section 505 (a) of the Servicemen's Readjustment Act of 1944, as amended."

Sec. 202. Paragraph (E) of the proviso of section 301 (a) (1) of the National Housing Act, as amended, is amended by striking out in clause No. (2) the figure "25" and inserting in lieu thereof the figure "50."

TITLE III—HOUSING RESEARCH

Sec. 301. To assist in progressively reducing housing costs and increasing the production of better housing, and in making available necessary data on housing needs, demand, and supply, the Housing and Home Finance Administrator shall—

(a) undertake and conduct a program with respect to technical research and studies to develop, demonstrate, and promote the acceptance and application of new and improved techniques, materials, and methods which will permit progressive reductions in housing construction and maintenance costs, and stimulate the increased and sustained production of housing. Such program may be concerned with improved and standardized building codes and regulations and methods for the more uniform administration thereof, standardized dimensions and methods for the assembly of home-building materials and equipment, improved residential design and construction, new and improved types of building materials and equipment, and methods of production, distribution, assembly, and construction, and sound techniques for the testing thereof and for the determination of adequate performance standards, and may relate to appraisal, credit, and other housing market, data, housing needs, demand and supply, finance and investment, land costs, use and improvement, site planning and utilities, zoning and other laws, codes and regulations as they apply to housing, other factors affecting the cost of housing, and related technical and economic research;

(b) prepare and submit to the President and to the Congress estimates of national housing needs and reports with respect to the progress being made toward meeting such needs, and correlate and recommend proposals for such executive action or legislation necessary or desirable for the furtherance of the national housing objective and policy established by this act, together with such other reports or information as may be required of the Administrator by the President or the Congress.

(c) encourage localities to make studies of their own housing needs and markets, along with surveys and plans for housing, urban land use and related community development, and provide, where requested and needed by the localities, technical advice and guidance in the making of such studies, surveys, and plans.

Sec. 302. In carrying out research and studies under this title, the Administrator shall utilize, to the fullest extent feasible, the available facilities of other departments, independent establishments, and agencies of the Federal Government; and the Secretary of Commerce or his designee shall hereafter be included in the membership of the National Housing Council. The Administrator is further authorized, for the purposes of this title, to undertake research and studies cooperatively with agencies of State or local governments, and educational institutions and other nonprofit organizations. The Administrator shall disseminate the results of research and studies undertaken pursuant to this title in such form as may be most useful to industry and to the general public.

Sec. 303. There are hereby authorized to be appropriated such sums as may be necessary to carry out the purposes of this title.

TITLE IV—RENTAL HOUSING AIDS FOR FAMILIES OF MODERATE INCOME AND VETERANS' MORTGAGE INVESTMENT AIDS; VETERANS' COOPERATIVES

Sec. 401. (a) Section 207 (c) of the National Housing Act, as amended, is hereby amended as follows:

(1) By striking out the semicolon and the word "and" at the end of paragraph No. (2) as amended by this act, inserting in lieu thereof a colon, and adding the following new proviso: "And provided further, That, notwithstanding any of the provisions of this paragraph No. (2), a mortgage with respect to a project to be constructed in a locality or metropolitan area where, as determined by the Administrator, there is a need for new dwellings for families of lower income at rentals comparable to the rentals proposed to be charged for the dwellings in such project (or, in the case of a mortgage with respect to a project of a nonprofit cooperative ownership housing corporation the permanent occupancy of the dwellings of which is restricted to members of such corporation, or a project constructed by a nonprofit corporation organized for the purpose of construction of homes for members of the corporation, at prices, costs, or charges comparable to the prices, costs, or charges proposed to be charged such members) may involve a principal obligation in an amount not exceeding 90 percent of the amount which the Administrator estimates will be the value of the project when the proposed improvements are completed, except that in the case of a mortgage with respect to a project of a nonprofit cooperative ownership housing corporation whose membership consists primarily of veterans of World War II, the principal obligation may be in an amount not exceeding 95 percent of the amount which the Administrator estimates will be the value of the project when the proposed improvements are completed; and."

(2) By striking out the period at the end of the second sentence, inserting in lieu thereof a comma, and adding the following: "except that with respect to mortgages insured under the provisions of the second proviso of paragraph No. (2) of this subsection, which mortgages are hereby authorized to have a maturity of not exceeding 40 years from the date of the insurance of the mortgage, such interest rate shall not exceed 4 percent per annum."

(3) By adding the following additional sentence at the end thereof: "Such property or project may include such commercial and community facilities as the Administrator deems adequate to serve the occupants."

(b) Section 207 (g) of the National Housing Act, as amended, is hereby amended by striking out the number "2" appearing in clause (ii) and inserting in lieu thereof "1."

(c) Section 207 of the National Housing Act, as amended, is hereby amended by adding the following new paragraph at the end thereof:

"(q) In order to assure an adequate market for mortgages on cooperative-ownership projects and rental-housing projects for families of lower income and veterans of the character described in the second proviso of paragraph numbered (2) of subsection (c) of this section, the powers of the Federal National Mortgage Association, and of any other Federal corporation or other Federal agency hereafter established, to make real-estate loans, or to purchase, service, or sell any mortgages, or partial interests therein, may be utilized in connection with projects of the character described in said proviso."

EQUITY INVESTMENT AIDS

SEC. 402. The National Housing Act, as amended, is hereby amended by adding the following new title:

"TITLE VII—INSURANCE FOR INVESTMENTS IN RENTAL HOUSING FOR FAMILIES OF MODERATE INCOME

"AUTHORITY TO INSURE

"SEC. 701. The purpose of this title is to supplement the existing systems of mortgage insurance for rental housing under this act by a special system of insurance designed to encourage equity investment in rental housing at rents within the capacity of families of moderate income. To effectuate this purpose, the Administrator is authorized, upon application by the investor, to insure as hereinafter provided, and, prior to the execution of insurance contracts and upon such terms as the Administrator shall prescribe, to make commitments to insure, the minimum annual amortization charge and an annual return on the outstanding investment of such investor in any project which is eligible for insurance as hereinafter provided in an amount (herein called the 'insured annual return') equal to such rate of return, not exceeding 2½ percent per annum, on such outstanding investment as shall, after consultation with the Secretary of the Treasury, be fixed in the insurance contract or in the commitment to insure: *Provided*, That any insurance contract made pursuant to this title shall expire as of the first day of the operating year for which the outstanding investment amounts to not more than 10 percent of the established investment: *And provided further*, That the aggregate amount of contingent liabilities outstanding at any one time under insurance contracts and commitments to insure made pursuant to this title shall not exceed \$1,000,000,000.

"ELIGIBILITY

"SEC. 702. (a) To be eligible for insurance under this title, a project shall meet the following conditions:

"(1) The Administrator shall be satisfied that there is, in the locality or metropolitan area of such project, a need for new rental dwellings at rents comparable to the rents proposed to be charged for the dwellings in such project.

"(2) Such project shall be economically sound, and the dwellings in such project shall be acceptable to the Administrator as to quality, design, size, and type.

"(b) Any insurance contract executed by the Administrator under this title shall be conclusive evidence of the eligibility of the project and the investor for such insurance, and the validity of any insurance contract so executed shall be incontestable in the hands of an investor from the date of the execution of such contract, except for fraud or misrepresentation on the part of such investor.

"PREMIUMS AND FEES

"SEC. 703. (a) For insurance granted pursuant to this title the Administrator shall fix and collect a premium charge in an amount not exceeding one-half of 1 percent of the outstanding investment for the operating year for which such premium charge is payable without taking into account the excess earnings, if any, applied, in addition to the minimum annual amortization charge, to amortization of the outstanding investment. Such premium charge shall be payable annually in advance by the investor, either in cash or in debentures issued by the Administrator under this title at par plus accrued interest: *Provided*, That, if in any operating year the gross income shall be less than the operating expenses, the premium charge payable during such operating year shall be waived, but only to the extent of the amount of the difference between such expenses and such income and subject to subsequent payment out of any excess earnings as hereinafter provided.

"(b) With respect to any project offered for insurance under this title, the Administrator is authorized to charge and collect reasonable fees for examination, and for inspection during the construction of the project: *Provided*, That such fees shall not aggregate more than one-half of 1 percent of the estimated investment.

"RENTS

"SEC. 704. The Administrator shall require that the rents for the dwellings in any project insured under this title shall be established in accordance with a rent schedule approved by the Administrator, and that the investor shall not charge or collect rents for any dwellings in the project in excess of the appropriate rents therefor as shown in the latest rent schedule approved pursuant to this section. Prior to approving the initial or any subsequent rent schedule pursuant to this section, the Administrator shall find that such schedule affords reasonable assurance that the rents to be established thereunder are (1) not lower than necessary, together with all other income to be derived from or in connection with the project, to produce reasonably stable revenues sufficient to provide for the payment of the operating expenses, the minimum annual amortization charge, and the minimum annual return; and (2) not higher than necessary to meet the need for dwellings for families of moderate income.

"EXCESS EARNINGS

"SEC. 705. For all of the purposes of any insurance contract made pursuant to this title, 50 percent of the excess earnings, if any, for any operating year may be applied, in addition to the minimum annual return, to return on the outstanding investment but only to the extent that such application thereof does not result in an annual return of more than 5 percent of the outstanding investment for such operating year, and the balance of any such excess earnings shall be applied, in addition to the minimum annual amortization charge, to amortization of the outstanding investment: *Provided*, That if in any preceding operating years the gross income shall have been less than the operating expenses, such excess earnings shall be applied to the extent necessary in whole or in part, first, to the reimbursement of the amount of the difference between such expenses (exclusive of any premium charges previously waived hereunder) and such income, and, second, to the payment of any premium charges previously waived hereunder.

"FINANCIAL STATEMENTS

"SEC. 706. With respect to each project insured under this title, the Administrator shall provide that, after the close of each operating year, the investor shall submit to him for approval a financial and operating

statement covering such operating year. If any such financial and operating statement shall not have been submitted or, for proper cause, shall not have been approved by the Administrator, payment of any claim submitted by the investor may, at the option of the Administrator, be withheld, in whole or in part, until such statement shall have been submitted and approved.

"PAYMENT OF CLAIMS

"SEC. 707. If in any operating year the net income of a project insured under this title is less than the aggregate of the minimum annual amortization charge and the insured annual return, the Administrator, upon submission by the investor of a claim for the payment of the amount of the difference between such net income and the aggregate of the minimum annual amortization charge and the insured annual return and after proof of the validity of such claim, shall pay to the investor, in cash from the Housing Investment Insurance Fund, the amount of such difference, as determined by the Administrator, but not exceeding, in any event, an amount equal to the aggregate of the minimum annual amortization charge and the insured annual return.

"DEBENTURES

"SEC. 708. (a) If the aggregate of the amounts paid to the investor pursuant to section 707 hereof with respect to a project insured under this title shall at any time equal or exceed 15 percent of the established investment, the Administrator thereafter shall have the right, after written notice to the investor of his intention so to do, to acquire, as of the first day of any operating year, such project in consideration of the issuance and delivery to the investor of debentures having a total face value equal to 90 percent of the outstanding investment for such operating year. In any such case the investor shall be obligated to convey to said Administrator title to the project which meets the requirements of the rules and regulations of the Administrator in force at the time the insurance contract was executed and which is evidenced in the manner prescribed by such rules and regulations, and, in the event that the investor fails so to do, said Administrator may, at his option, terminate the insurance contract.

"(b) If in any operating year the aggregate of the differences between the operating expenses (exclusive of any premium charges previously waived hereunder) and the gross income for the preceding operating years, less the aggregate of any deficits in such operating expenses reimbursed from excess earnings as hereinafter provided, shall at any time equal or exceed 5 percent of the established investment, the investor shall thereafter have the right, after written notice to the Administrator of his intention so to do, to convey to the Administrator, as of the first day of any operating year, title to the project which meets the requirements of the rules and regulations of the Administrator in force at the time the insurance contract was executed and which is evidenced in the manner prescribed by such rules and regulations, and to receive from the Administrator debentures having a total face value equal to 90 percent of the outstanding investment for such operating year.

"(c) Any difference, not exceeding \$50, between 90 per centum of the outstanding investment for the operating year in which a project is acquired by the Administrator pursuant to this section and the total face value of the debentures to be issued and delivered to the investor pursuant to this section shall be adjusted by the payment of cash by the Administrator to the investor from the Housing Investment Insurance Fund.

"(d) Upon the acquisition of a project by the Administrator pursuant to this section, the insurance contract shall terminate.

"(e) Debentures issued under this title to any investor shall be executed in the name of the Housing Investment Insurance Fund as obligor, shall be signed by the Administrator, by either his written or engraved signature, and shall be negotiable. Such debentures shall be dated as of the first day of the operating year in which the project for which such debentures were issued was acquired by the Administrator, shall bear interest at a rate to be determined by the Administrator, with the approval of the Secretary of the Treasury, at the time the insurance contract was executed, but not to exceed 2½ per centum per annum, payable semiannually on the 1st day of January and the 1st day of July of each year, and shall mature on the 1st day of July in such calendar year or years, not later than the fortieth following the date of the issuance thereof, as shall be determined by the Administrator and stated on the face of such debentures.

"(f) Such debentures shall be in such form and in such denominations in multiples of \$50, shall be subject to such terms and conditions, and may include such provisions for redemption as shall be prescribed by the Administrator, with the approval of the Secretary of the Treasury, and may be issued in either coupon or registered form.

"(g) Such debentures shall be exempt, both as to principal and interest, from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by any Territory, dependency, or possession of the United States, or by the District of Columbia, or by any State, county, municipality, or local taxing authority, shall be payable out of the Housing Investment Insurance Fund, which shall be primarily liable therefor, and shall be fully and unconditionally guaranteed, as to both the principal thereof and the interest thereon, by the United States, and such guaranty shall be expressed on the face thereof. In the event that the Housing Investment Insurance Fund fails to pay upon demand, when due, the principal of or the interest on any debentures so guaranteed, the Secretary of the Treasury shall pay to the holders the amount thereof, which is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, and thereupon, to the extent of the amount so paid, the Secretary of the Treasury shall succeed to all the rights of the holders of such debentures.

"(h) Notwithstanding any other provisions of law relating to the acquisition, handling, or disposal of real and other property by the United States, the Administrator shall have power, for the protection of the housing investment insurance fund, to pay out of said fund all expenses or charges in connection with, and to deal with, complete, reconstruct, rent, renovate, modernize, insure, make contracts for the management of, or establish suitable agencies for the management of, or sell for cash or credit or lease in his discretion, in whole or in part, any project acquired pursuant to this title; and, notwithstanding any other provisions of law, the Administrator shall also have power to pursue to final collection by way of compromise or otherwise all claims acquired by, or assigned or transferred to, him in connection with the acquisition or disposal of any project pursuant to this title: *Provided*, That section 3709 of the Revised Statutes shall not be construed to apply to any contract for hazard insurance, or to any purchase or contract for services or supplies on account of any project acquired pursuant to this title if the amount of such purchase or contract does not exceed \$1,000.

"TERMINATION

"Sec. 709. The investor, after written notice to the Administrator of his intention so to do, may terminate, as of the close of

any operating year, any insurance contract made pursuant to this title. The Administrator shall prescribe the events and conditions under which said Administrator shall have the option to terminate any insurance contract made pursuant to this title, and the events and conditions under which said Administrator may reinstate any insurance contract terminated pursuant to this section or section 708 (a). If any insurance contract is terminated pursuant to this section, the Administrator may require the investor to pay an adjusted premium charge in such amount as the Administrator determines to be equitable, but not in excess of the aggregate amount of the premium charges which such investor otherwise would have been required to pay if such insurance contract had not been so terminated.

"INSURANCE FUND

"Sec. 710. There is hereby created a housing investment insurance fund which shall be used by the Administrator as a revolving fund for carrying out the provisions of this title and for administrative expenses in connection therewith. For this purpose, the Secretary of the Treasury shall make available to the Administrator such funds as the Administrator shall deem necessary, but not to exceed \$10,000,000, which amount is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated. Premium charges, adjusted premium charges, inspection and other fees, service charges, and any other income received by the Administrator under this title, together with all earnings on the assets of such housing investment insurance fund, shall be credited to said fund. All payments made pursuant to claims of investors with respect to projects insured under this title, cash adjustments, the principal of and interest on debentures issued under this title, expenses incurred in connection with or as a consequence of the acquisition and disposal of projects acquired under this title, and all administrative expenses in connection with this title, shall be paid from said fund. The faith of the United States is solemnly pledged to the payment of all approved claims of investors with respect to projects insured under this title, and, in the event said fund fails to make any such payment when due, the Secretary of the Treasury shall pay to the investor the amount thereof, which is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated. Moneys in the housing investment insurance fund not needed for current operations under this title shall be deposited with the Treasurer of the United States to the credit of said fund or invested in bonds or other obligations of, or in bonds or other obligations guaranteed by, the United States. The Administrator may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued under this title. Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this section. Debentures so purchased shall be canceled and not reissued.

"TAXATION PROVISIONS

"Sec. 711. Nothing in this title shall be construed to exempt any real property acquired and held by the Administrator under this title from taxation by any State or political subdivision thereof, to the same extent, according to its value, as other real property is taxed.

"RULES AND REGULATIONS

"Sec. 712. The Administrator may make such rules and regulations as may be necessary or desirable to carry out the provisions of this title, including, without limiting the foregoing, rules and regulations relating to the maintenance by the investor or books, rec-

ords, and accounts with respect to the project and the examination of such books, records, and accounts by representatives of the Administrator; the submission of financial and operating statements and the approval thereof; the submission of claims for payments under insurance contracts, the proof of the validity of such claims, and the payment or disallowance thereof; the increase of the established investment if the investor shall make capital improvements or additions to the project; the decrease of the established investment if the investor shall sell part of the project; and the reduction of the outstanding investment for the appropriate operating year or operating years pending the restoration of dwelling or nondwelling facilities damaged by fire or other casualty. With respect to any investor which is subject to supervision or regulation by a State banking, insurance, or other State department or agency, the Administrator may, in carrying out any of his supervisory and regulatory functions with respect to projects insured under this title, utilize, contract with, and act through, such department or agency and without regard to section 3709 of the Revised Statutes.

"DEFINITIONS

"Sec. 713. The following terms shall have the meanings, respectively, ascribed to them below, and, unless the context clearly indicates otherwise, shall include the plural as well as the singular number:

"(a) 'Investor' shall mean (1) any natural person; (2) any group of not more than 10 natural persons; (3) any corporation, company, association, trust, or other legal entity; or (4) any combination of 2 or more corporations, companies, associations, trusts, or other legal entities, having all the powers necessary to comply with the requirements of this title, which the Administrator (i) shall find to be qualified by business experience and facilities, to afford assurance of the necessary continuity of long-term investment, and to have available the necessary capital required for long-term investment in the project, and (ii) shall approve as eligible for insurance under this title.

"(b) 'Project' shall mean a project (including all property, real and personal, contracts, rights, and choses in action acquired, owned, or held by the investor in connection therewith) or an investor designed and used primarily for the purpose of providing dwellings the occupancy of which is permitted by the investor in consideration of agreed charges: *Provided*, That nothing in this title shall be construed as prohibiting the inclusion in a project of such stores, offices, or other commercial facilities, recreational or community facilities, or other nondwelling facilities as the Administrator shall determine to be necessary or desirable appurtenances to such project.

"(c) 'Estimated investment' shall mean the estimated cost of the development of the project, as stated in the application submitted to the Administrator for insurance under this title.

"(d) 'Established investment' shall mean the amount of the reasonable costs, as approved by the Administrator, incurred by the investor in, and necessary for, carrying out all works and undertakings for the development of a project and shall include the premium charge for the first operating year and the cost of all necessary surveys, plans, and specifications, architectural, engineering, or other special services, land acquisition, site preparation, construction, and equipment; a reasonable return on the funds of the investor paid out in course of the development of the project, up to and including the initial occupancy date; necessary expenses in connection with the initial occupancy of the project; and the cost of such other items as the Administrator shall determine to be necessary for the development of the project, (1) less the amount by which the rents and

revenues derived from the project up to and including the initial occupancy date exceeded the reasonable and proper expenses, as approved by the Administrator, incurred by the investor in, and necessary for, operating and maintaining said project up to and including the initial occupancy date, or (2) plus the amount by which such expenses exceeded such rents and revenues, as the case may be.

"(e) 'Physical completion date' shall mean the last day of the calendar month in which the Administrator determines that the construction of the project is substantially completed and substantially all of the dwellings therein are available for occupancy.

"(f) 'Initial occupancy date' shall mean the last day of the calendar month in which 90 percent in number of the dwellings in the project on the physical completion date shall have been occupied, but shall in no event be later than the last day of the sixth calendar month next following the physical completion date.

"(g) 'Operating year' shall mean the period of 12 consecutive calendar months next following the initial occupancy date and each succeeding period of 12 consecutive calendar months, and the period of the first 12 consecutive calendar months next following the initial occupancy date shall be the first operating year.

"(h) 'Gross income' for any operating year shall mean the total rents and revenues and other income derived from, or in connection with, the project during such operating year.

"(i) 'Operating expenses' for any operating year shall mean the amounts, as approved by the Administrator, necessary to meet the reasonable and proper costs of, and to provide for, operating and maintaining the project, and to establish and maintain reasonable and proper reserves for repairs, maintenance, and replacements, and other necessary reserves during such operating year, and shall include necessary expenses for real-estate taxes, special assessments, premium charges made pursuant to this title, administrative expenses, the annual rental under any lease pursuant to which the real property comprising the site of the project is held by the investor, and insurance charges, together with such other expenses as the Administrator shall determine to be necessary for the proper operation and maintenance of the project, but shall not include income taxes.

"(j) 'Net income' for any operating year shall mean gross income remaining after the payment of the operating expenses.

"(k) 'Minimum annual amortization charge' shall mean an amount equal to 2 percent of the established investment, except that, in the case of a project where the real property comprising the site thereof is held by the investor under a lease, if (notwithstanding the proviso of section 703 (a) hereof) the gross income for any operating year shall be less than the amount required to pay the operating expenses (including the annual rental under such lease), the minimum annual amortization charge for such operating year shall mean an amount equal to 2 percent of the established investment plus the amount of the annual rental under such lease to the extent that the same is not paid from the gross income.

"(l) 'Annual return' for any operating year shall mean the net income remaining after the payment of the minimum annual amortization charge.

"(m) 'Insured annual return' shall have the meaning ascribed to it in section 701 hereof.

"(n) 'Minimum annual return' for any operating year shall mean an amount equal to 3½ percent of the outstanding investment for such operating year.

"(o) 'Excess earnings' for any operating year shall mean the net income derived from a project in excess of the minimum annual amortization charge and the minimum annual return.

"(p) 'Outstanding investment' for any operating year shall mean the established investment, less an amount equal to (1) the aggregate of the minimum annual amortization charge for each preceding operating year, plus (2) the aggregate of the excess earnings, if any, during each preceding operating year applied, in addition to the minimum annual amortization charge, to amortization in accordance with the provisions of section 705 hereof."

SEC. 403. Sections 1 and 5 of the National Housing Act, as amended, are hereby amended by striking out "titles II, III, and VI" wherever they appear in said sections and inserting in lieu thereof "titles II, III, VI, and VII."

TITLE V—SLUM CLEARANCE AND URBAN REDEVELOPMENT LOCAL RESPONSIBILITY TO AID HOUSING COST REDUCTIONS

SEC. 501. In extending financial assistance under this title, the Administrator shall give consideration to the extent to which the appropriate local public bodies have undertaken a positive program of encouraging housing cost reductions through the adoption, improvement, and modernization of building and other local codes and regulations so as to permit the use of appropriate new materials, techniques, and methods in land and residential planning, design, and construction, the increase of efficiency in residential construction, and the elimination of restrictive practices which unnecessarily increase housing costs.

LOANS

SEC. 502. (a) To assist local communities in eliminating their slums and blighted areas and in providing maximum opportunity for the redevelopment of project areas by private enterprise, the Administrator may make temporary and definitive loans to local public agencies for the undertaking of projects for the assembly, clearance, preparation, and sale and lease of land for redevelopment. Such loans (outstanding at any one time) shall be in such amounts not exceeding the expenditures made by the local public agency as part of gross project cost, bear interest at such rate (not less than the applicable going Federal rate), be secured in such manner, and be repaid within such period (not exceeding forty-five years from the date of the notes or bonds evidencing the loans), as may be deemed advisable by the Administrator. Such loans may be made subject to the condition that, if at any time or for any period during the life of the loan contract, the local public agency can obtain loan funds from sources other than the Federal Government at an interest rate lower than provided in the loan contract, it may do so with the consent of the Administrator at such time and for such period without waiving or surrendering any rights to loan funds under the contract for the remainder of the life of such contract, and, in any such case, the Administrator is authorized to consent to a pledge by the local public agency of the loan contract, and any or all of its rights thereunder, as security for the repayment of the loan funds so obtained from other sources.

(b) To obtain funds for loans under this title, the Administrator may, on and after the 1st day of July 1948, issue and have outstanding at any one time notes and other obligations for purchase by the Secretary of the Treasury, in an amount not to exceed \$10,000,000, which limit on such outstanding amount shall be increased by \$200,000,000 on the 1st day of July 1949, and by further amounts of \$200,000,000 on the 1st day of July in each of the years 1950, 1951, 1952, and 1953, respectively.

(c) Notes or other obligations issued by the Administrator under this title shall be in such forms and denominations, have such maturities, and be subject to such terms

and conditions as may be prescribed by the Administrator, with the approval of the Secretary of the Treasury. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of such notes or other obligations. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations of the Administrator issued under this title and for such purpose is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such act, as amended, are extended to include any purchases of such notes and other obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public debt transactions of the United States.

(d) Obligations, including interest thereon, issued by local public agencies for projects undertaken pursuant to this title, and the income derived by such agencies from such projects, shall be exempt from all taxation now or hereafter imposed by the United States.

CAPITAL GRANTS

SEC. 503. (a) The Administrator may make capital grants to local public agencies to enable such agencies to make land in project areas available for redevelopment at its fair value for the uses specified in the redevelopment plans. The aggregate of such capital grants with respect to all the projects of a local public agency which are assisted under this title shall not exceed two-thirds of the aggregate of the net project cost, and the capital grants with respect to any individual project shall not exceed the difference between the net project cost and the local grants-in-aid required with respect to the project pursuant to section 504.

(b) The Administrator may, on and after the 1st day of July 1948, contract to make capital grants with respect to projects to be assisted pursuant to this title aggregating not more than \$100,000,000, which limit shall be increased by further amounts of \$100,000,000 on the 1st day of July in each of the years 1949, 1950, 1951, and 1952, respectively. Such contracts for capital grant shall be made subject to the condition that no funds shall be disbursed by the local public agency prior to July 1, 1949, in payment for the purchase of land in connection with the project being assisted under the contract. The faith of the United States is solemnly pledged to the payment of all capital grants contracted for under this title, and there are hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the amounts necessary to provide for such payments.

REQUIREMENTS FOR LOCAL GRANTS-IN-AID

SEC. 504. Every contract for capital grant under this title shall require local grants-in-aid in connection with the project involved which, together with the local grants-in-aid to be provided in connection with all other projects of the local public agency on which such contracts have theretofore been made, will be at least equal to one-third of the aggregate net project costs involved (it being the purpose of this provision and section 503 to limit the aggregate of the capital grants made by the Administrator with respect to all the projects of a local public agency which are assisted under this title to an amount not exceeding

two-thirds of the difference between the aggregate of the gross project costs of all such projects and the aggregate of the total sales prices and capital values referred to in section 510 (f) of land in such projects).

LOCAL DETERMINATIONS AND RESPONSIBILITIES

SEC. 505. Contracts for financial aid shall be made only with a duly authorized local public agency and shall require that—

(1) the redevelopment plan for the project area be approved by the governing body of the locality in which the project is situated, and that such approval include findings by the governing body that (i) the financial aid to be provided in the contract is necessary to enable the land in the project area to be redeveloped in accordance with the redevelopment plan; (ii) the redevelopment plans for the redevelopment areas in the locality will afford maximum opportunity, consistent with the sound needs of the locality as a whole, for the redevelopment of such areas by private enterprise; and (iii) the redevelopment plan conforms to a general plan for the development of the locality as a whole;

(2) when land acquired or held by the local public agency in connection with the project is sold or leased, the purchasers or lessees shall be obligated (i) to devote such land to the uses specified in the redevelopment plan for the project area; (ii) to begin the building of their improvements on such land within a reasonable time; and (iii) to comply with such other conditions as the Administrator finds are necessary to carry out the purposes of this title;

(3) there be a feasible method for the temporary relocation of families displaced from the project area, and that there are available or are being provided, in the project area or in other areas not less desirable in regard to public utilities and public and commercial facilities and at rents or prices within the financial means of the families displaced from the project area, decent, safe, and sanitary dwellings equal in number to the number of such displaced families: *Provided*, That, in view of the existing acute housing shortage, each such contract shall further provide that there shall be no demolition of residential structures in connection with the project assisted under the contract prior to July 1, 1950, if in the opinion of the local governing body such demolition would result in undue hardship for the occupants of the structures.

GENERAL PROVISIONS

SEC. 506. (a) In the performance of, and with respect to, the functions, powers, and duties vested in him by this title, the Administrator, notwithstanding any other law, shall—

(1) appoint a Director of Urban Redevelopment to administer under his general supervision the provisions of this title;

(2) prepare annually and submit a budget program as provided for wholly owned Government corporations by the Government Corporation Control Act, as amended as of the date of enactment of this act;

(3) maintain an integral set of accounts which shall be audited annually by the General Accounting Office in accordance with the principles and procedures applicable to commercial transactions as provided by the Government Corporation Control Act, as amended as of the date of enactment of this act, and no other audit shall be required: *Provided*, That such financial transactions of the Administrator as the making of loans and capital grants and vouchers approved by the Administrator in connection with such financial transactions shall be final and conclusive upon all officers of the Government;

(4) make an annual report to the President, for transmission to the Congress, for each fiscal year, ending on June 30, to be transmitted not later than January 15 fol-

lowing the close of the fiscal year for which such report is made.

(b) Funds made available to the Administrator pursuant to the provisions of this title shall be deposited in a checking account or accounts with the Treasurer of the United States. Receipts and assets obtained or held by the Administrator in connection with the performance of his functions under this title shall be available for any of the purposes of this title, and all funds available for carrying out the functions of the Administrator under this title (including appropriations therefor, which are hereby authorized) shall be available, in such amounts as may from year to year be authorized by the Congress, for the administrative expenses of the Administrator in connection with the performance of such functions.

(c) In the performance of, and with respect to, the functions, powers, and duties vested in him by this title, the Administrator, notwithstanding the provisions of any other law, may—

(1) sue and be sued;

(2) foreclose on any property or commence any action to protect or enforce any right conferred upon him by any law, contract, or other agreement, and bid for and purchase at any foreclosure or any other sale any project or part thereof in connection with which he has made a loan or capital grant pursuant to this title. In the event of any such acquisition, the Administrator may complete, administer, dispose of, and otherwise deal with, such project or part thereof: *Provided*, That any such acquisition of real property shall not deprive any State or political subdivision thereof of its civil jurisdiction in and over such property or impair the civil rights under the State or local law of the inhabitants on such property;

(3) enter into agreements to pay annual sums in lieu of taxes to any State or local taxing authority with respect to any real property so acquired and owned;

(4) sell or exchange at public or private sale, or lease, real or personal property, and sell or exchange any securities or obligations, upon such terms as he may fix;

(5) obtain insurance against loss in connection with property and other assets held;

(6) subject to the specific limitations in this title, consent to the modification, with respect to rate of interest, time of payment of any installment of principal or interest, security, amount of capital grant, or any other term, of any contract or agreement to which he is a party or which has been transferred to him pursuant to this title;

(7) include in any contract or instrument made pursuant to this title such other covenants, conditions, or provisions as he may deem necessary to assure that the purposes of this title will be achieved. No provision of this title shall be construed or administered to permit speculation in land holding.

(d) Section 3709 of the Revised Statutes shall not apply to any contract for services or supplies on account of any property acquired pursuant to this title if the amount of such contract does not exceed \$1,000.

SEC. 507. If the land for a low-rent housing project assisted under the United States Housing Act of 1937, as amended, is made available from a project assisted under this title, payment equal to the fair value of the land for the uses specified in accordance with the redevelopment plan shall be made therefor by the public housing agency undertaking the housing project, and such amount shall be included as part of the development cost of the low-rent housing project.

SEC. 508. The President may at any time, in his discretion, transfer to the Administrator any right, title, or interest held by the Federal Government or any department or agency thereof in any land (including buildings thereon) which is surplus to the needs of the Government and which a local public

agency certifies will be within the area of a project being planned by it. When such land is sold to the local public agency by the Administrator, it may be sold at a price equal to its fair value for the uses specified in accordance with the redevelopment plan: *Provided*, That the proceeds from such sale shall be covered into the Treasury as miscellaneous receipts.

PROTECTION OF LABOR STANDARDS

SEC. 509. In order to protect labor standards—

(1) any contract for financial aid pursuant to this title shall contain a provision requiring that the wages or fees prevailing in the locality, as determined or adopted (subsequent to a determination under applicable State or local law) by the Secretary of Labor, shall be paid by any contractor engaged on the project involved; and the Administrator may require certification as to compliance with the provisions of this paragraph prior to making any payment under such contract;

(2) the provisions of sections 1 and 2 of the act of June 13, 1934 (U. S. C., 1940 ed., title 40, secs. 276b and 276c), shall apply to any project financed in whole or in part with funds made available pursuant to this title;

(3) any contractor engaged on any project financed in whole or in part with funds made available pursuant to this title shall report quarterly to the Secretary of Labor, and shall cause all subcontractors to report in like manner, within 15 days after the close of each quarter and on forms to be furnished by the United States Department of Labor, as to the number of persons on their respective pay rolls on the particular project, the aggregate amount of such pay rolls, the total man-hours worked, and itemized expenditures for materials. Any such contractor shall furnish to the Department of Labor the names and addresses of all subcontractors on the work at the earliest date practicable.

DEFINITIONS

SEC. 510. The following terms shall have the meanings, respectively, ascribed to them below, and, unless the context clearly indicates otherwise, shall include the plural as well as the singular number:

(a) "Redevelopment area" means an area within which a project area is located and of such extent and location that the total area is appropriate for development or redevelopment.

(b) "Redevelopment plan" means a plan, as it exists from time to time, for the development or redevelopment of a redevelopment or project area, which plan shall be sufficiently complete (1) to indicate its relationship to definite local objectives as to appropriate land uses and improved traffic, public transportation, public utilities, recreational and community facilities, and other public improvements, and (2) to indicate proposed land uses and building requirements in the project area: *Provided*, That the Administrator shall take such steps as he deems necessary to assure consistency between the redevelopment plan and any highways or other public improvements in the locality receiving financial assistance from the Federal Works Agency.

(c) "Project" may include (1) acquisition of land within (i) a slum area or other deteriorated or deteriorating area which is predominantly residential in character, or (ii) any other area which is to be developed or redeveloped for predominantly residential uses and which prior to such development or redevelopment constitutes a deteriorated or deteriorating area or open urban land which because of obsolete platting or otherwise impairs the sound growth of the community or open suburban land essential for sound community growth; (2) demolition and removal of buildings and improvements; (3)

installation, construction, or reconstruction of streets, utilities, and other site improvements essential to the preparation of sites for uses in accordance with the redevelopment plan; and (4) making the land available for development or redevelopment by private enterprise or public agencies (including sale, initial leasing, or retention by the local public agency itself) at its fair value for uses in accordance with the redevelopment plan. For the purposes of this title, the term "project" shall not include the construction of any of the buildings contemplated by the redevelopment plan, and the term "redevelop" and derivatives thereof shall mean develop as well as redevelop.

(d) "Local grants-in-aid" shall mean assistance by a State, municipality, or other public body, or any other entity, in the form of (1) cash grants; (2) donations, at their cash value, of land, demolition or removal work, or site improvements in the project area; and (3) the cost or cash value of the provision by a municipality or other public body of parks, playgrounds, and public buildings or facilities (other than low-rent public housing) which are primarily of direct benefit to the project and which are necessary to serve or support the new uses of land in the project area in accordance with the redevelopment plan.

(e) "Gross project cost" shall comprise (1) the amount of the expenditures by the local public agency with respect to any and all undertakings necessary to carry out the project (including the payment of carrying charges, but not beyond the point where the project is completed), and (2) such local grants-in-aid as are furnished in forms other than cash.

(f) "Net project cost" shall mean the difference between the gross project cost and the aggregate of (1) the total sales prices of all land sold, and (2) the total capital values (1) imputed, on a basis approved by the Administrator, to all land leased, and (2) used as a basis for determining the amounts to be transferred to the project from other funds of the local public agency to compensate for any land retained by it for use in accordance with the redevelopment plan.

(g) "Going Federal rate" means the annual rates of interest (or, if there shall be two or more such rates of interest, the lowest thereof) specified in the most recently issued bonds of the Federal Government having a maturity of 20 years or more, determined at the date the contract for loan is made. Any contract for loan made may be revised or superseded by a later contract, so that the going Federal rate, on the basis of which the interest rate on the loan is fixed, shall mean the going Federal rate, as herein defined, on the date that such contract is revised or superseded by such later contract.

(h) "Local public agency" means any State, county, municipality, or other governmental entity or public body which is authorized to undertake the project for which assistance is sought. "State" includes the several States, the District of Columbia, and the Territories, dependencies, and possessions of the United States.

(i) "Administrator" means the Housing and Home Finance Administrator.

TITLE VI—LOW-RENT HOUSING

LOCAL RESPONSIBILITIES AND DETERMINATIONS; TENANCY ONLY BY LOW-INCOME FAMILIES

SEC. 601. (a) The United States Housing Act of 1937, as amended, is hereby amended by adding the following additional subsections to section 15:

"(7) In recognition that there should be local determination of the need for public low-rent housing, the Authority shall not make any contract for financial assistance pursuant to this act with respect to any urban low-rent housing initiated after July 1, 1943—

"(a) unless the public housing agency has submitted an analysis of the local housing market demonstrating to the satisfaction of the Authority (i) that there is a need for such low-rent housing which cannot be met by private enterprise; and (ii) that a gap of at least 20 percent has been left between the upper rental limits for admission to the proposed low-rent housing and the lowest rents at which private enterprise is providing (through new construction and existing structures) a substantial supply of decent, safe, and sanitary housing toward meeting the need of an adequate volume thereof; and

"(b) unless the governing body of the locality involved has approved the provision of such low-rent housing, and the contract for financial assistance provides that the Authority shall approve the maximum income limits to be fixed with respect to the admission and continued occupancy of families in such housing, and that such maximum income limits as so approved shall at no time be changed without the prior approval of the Authority.

"(8) Every contract made pursuant to this act for annual contributions for urban low-rent housing projects initiated after July 1, 1943, shall provide that a duly authorized official of the public housing agency involved shall make periodic written statements to the Authority that an investigation has been made of each family admitted to the low-rent housing project involved during the period covered thereby, and that, on the basis of the report of said investigation, he has found that each such family at the time of its admission (a) lived in an unsafe, insanitary, or overcrowded dwelling or had been displaced by a slum-clearance or land assembly and clearance project or by off-site elimination in compliance with the equivalent elimination requirement hereof, and (b) had a net family income not exceeding the maximum income limits theretofore fixed by the public housing agency (and approved by the Authority) for admission of families of low income to such housing: *Provided*, That the requirement in (a) shall not be applicable in the case of the family of any veteran or serviceman (or of any deceased veteran or serviceman) where application for admission to such housing is made not later than 5 years after July 1, 1943.

"(9) Every contract made pursuant to this act for annual contributions for urban low-rent housing projects initiated after July 1, 1943, shall require that the public housing agency make periodic reexaminations of the net incomes of families living in the low-rent housing project involved; and if it is found, upon such reexamination, that the net incomes of any families have increased beyond the maximum income limits theretofore fixed by the public housing agency (and approved by the Authority) for continued occupancy in such housing, such families shall be required to move from the project.

"(10) Every contract made pursuant to this act for annual contributions for urban low-rent housing projects initiated after July 1, 1943, shall require that, as between families of equally low income otherwise eligible for admission to such housing, the public housing agency shall not discriminate against any such families because their incomes are derived, in whole or in part, from public assistance. In selecting tenants the question of greatest need shall be given due consideration."

(b) Notwithstanding any other provisions of law except provisions of law hereafter enacted expressly in limitation hereof, the Public Housing Administration, and any State or local public agency administering a low-rent housing project assisted pursuant to the United States Housing Act of 1937 or

title II of Public Law 671, Seventy-sixth Congress, approved June 28, 1940, shall continue to have the right to maintain an action or proceeding to recover possession of any housing accommodations operated by it under said acts where such action is authorized by the statute or regulations under which such housing accommodations are administered.

VETERANS' PREFERENCE

SEC. 602. The United States Housing Act of 1937, as amended, is hereby amended as follows:

(a) By adding the following new subsection to section 10:

"(g) Every contract made pursuant to this act for annual contributions for low-rent housing projects initiated after July 1, 1943, shall require that the public housing agency in selecting tenants shall give preference, as among applicants eligible for occupancy of the dwelling and at the rent involved, to families of veterans and servicemen (including families of deceased veterans or servicemen), where application for admission to such housing is made not later than 5 years after July 1, 1943. As among applicants entitled to the preference provided in this subsection, first preference shall be given to families of disabled veterans whose disability is service-connected."

(b) By adding the following new subsection to section 2:

"(14) The term 'veteran' shall mean a person who has served in the active military or naval service of the United States at any time on or after September 16, 1940, and prior to July 26, 1947, and who shall have been discharged or released therefrom under conditions other than dishonorable. The term 'serviceman' shall mean a person in the active military or naval service of the United States who has served therein on or after September 16, 1940, and prior to July 26, 1947."

(c) By adding the following sentence at the end of section 2 (1): "In determining net income for the purposes of tenant eligibility, the Authority is authorized, where it finds such action equitable and in the public interest, to exclude amounts or portions thereof paid by the United States Government as pension or other compensation for disability or death occurring in connection with military service."

COST LIMITS

SEC. 603. The first sentence of section 15 (5) of the United States Housing Act of 1937, as amended, is hereby amended to read as follows: "No contract for any loan, annual contribution, or capital grant made pursuant to this act shall be entered into by the Authority with respect to any low-rent housing project completed after January 1, 1943, having a cost for construction and equipment of more than \$1,250 per room (excluding land, demolition, and nondwelling facilities); except that in any city or metropolitan district, as defined by the Bureau of the Census, the population of which exceeds 500,000 and in Alaska, any such contract may be entered into with respect to a project having a cost of construction and equipment of not to exceed \$1,500 per room (\$2,200 per room in the case of Alaska), excluding land, demolition, and nondwelling facilities, if in the opinion of the Authority such higher cost per room is justified by reason of higher costs of labor and materials and other construction costs: *Provided*, That if the Administrator with respect to any contract for financial assistance made before December 31, 1951, finds that in the geographical area of the low-rent housing project involved (i) it is not feasible under the aforesaid cost limitations to construct the project without sacrifice of sound standards of construction, design, and livability, and (ii) there is an acute need for such hous-

ing, he may prescribe in such contract cost limitations which may exceed by not more than \$250 per room the limitations that would otherwise be applicable to such project hereunder."

PRIVATE FINANCING

SEC. 604. In order to stimulate increasing private financing of low-rent housing and slum-clearance projects, the United States Housing Act of 1937, as amended, is hereby amended as follows:

(1) The last proviso of subsection (b) of section 10 is repealed, and subsection (f) of said section is amended to read as follows: "Payments under annual contributions contracts shall be pledged as security for any loans obtained by a public housing agency to assist the development or acquisition of the housing project to which the annual contributions relate."

(2) The following is added after section 21:

"PRIVATE FINANCING

"SEC. 22. To facilitate the enlistment of private capital through the sale by public housing agencies of their bonds and other obligations to others than the Authority, in financing low-rent housing and slum-clearance projects, and to maintain the low-rent character of housing projects—

"(a) Every contract for annual contributions (including contracts which amend or supersede contracts previously made) may provide that—

"(1) upon the occurrence of a substantial default in respect of the covenants or conditions to which the public housing agency is subject (as such substantial default shall be defined in such contract), the public housing agency shall be obligated to convey to the Authority the project, as then constituted, to which such contract relates;

"(2) the Authority shall agree to reconvey the project, as constituted at the time of reconveyance, to the public housing agency by which it shall have been so conveyed or to its successor (if such public housing agency or a successor exists) upon such terms as shall be prescribed in such contract and as soon as practicable: (1) after the Authority shall be satisfied that all defaults with respect to the project have been cured, and that the project will, in order to fulfill the purposes of this act, thereafter be operated in accordance with the terms of such contract; or (2) after the termination of the obligation to make annual contributions available unless there are any obligations or covenants of the public housing agency to the Authority which are then in default. Any prior conveyances and reconveyances shall not exhaust the right to require a conveyance of the project to the Authority pursuant to subparagraph (1), upon the subsequent occurrence of a substantial default.

"(b) Whenever such contract for annual contributions shall include provisions which the Authority, in said contract, determines are in accordance with subsection (a) hereof, and the annual contributions, pursuant to such contract, have been pledged by the public housing agency as security for the payment of the principal and interest on any of its obligations, the Authority (notwithstanding any other provisions of this act) shall continue to make annual contributions available for the project so long as any of such obligations remain outstanding and may covenant in such contract that in any event such annual contributions shall in each year be at least equal to an amount which, together with such income or other funds as are actually available from the project for the purpose at the time such annual contribution is made, will suffice for the payment of all installments, falling due within the next succeeding 12 months, of principal and interest on the obligations for which the annual contributions provided for in the contract shall have been pledged as security:

Provided, That such annual contributions shall not be in excess of the maximum sum determined pursuant to the provisions of this act; and in no case shall such annual contributions be in excess of the maximum sum specified in the contract involved, nor for longer than the remainder of the maximum period fixed by the contract."

(3) Section 2 (10) is amended to read as follows:

"(10) The term 'going Federal rate' means the annual rate of interest (or, if there shall be two or more such rates of interest, the lowest thereof) specified in the most recently issued bonds of the Federal Government having a maturity of 20 years or more, determined, in the case of loans or annual contributions, respectively, at the date of Presidential approval of the contract pursuant to which such loans or contributions are made: *Provided*, That for the purposes of this act, the going Federal rate shall be deemed to be not less than 2½ percent;"

(4) Section 9 is amended by striking the period at the end of said section and adding a colon and the following: "*Provided*, That in the case of projects initiated after July 1, 1948, loans shall not be made for a period exceeding 40 years from the date of the bonds evidencing the loan: *And provided further*, That, in the case of such projects or any other projects with respect to which the contracts (including contracts which amend or supersede contracts previously made) provide for loans for a period not exceeding 40 years from the date of the bonds evidencing the loan and for annual contributions for a period not exceeding 40 years from the date the first annual contribution for the project is paid, such loans shall bear interest at a rate not less than the applicable going Federal rate."

(5) Section 10 (c) is amended by striking the period at the end of the last sentence and adding a colon and the following: "*Provided*, That, in the case of projects initiated after July 1, 1948, contracts for annual contributions shall not be made for a period exceeding 40 years from the date the first annual contribution for the project is paid: *And provided further*, That in the case of such projects or any other projects with respect to which the contracts for annual contributions (including contracts which amend or supersede contracts previously made) provide for annual contributions for a period not exceeding 40 years from the date the first annual contribution for the project is paid, the fixed contribution may exceed the amount provided in the first proviso of subsection (b) of this section by 1 percent of development or acquisition costs."

(6) The first sentence of section 10 (c) is amended to read as follows: "Every contract for annual contributions shall provide that whenever in any year the receipts of a public housing agency in connection with a low-rent housing project exceed its expenditures (including debt service, administration, maintenance, establishment of reserves, and other costs and charges), an amount equal to such excess shall be applied, or set aside for application, to purposes which will effect a reduction in the amount of subsequent annual contributions."

(7) Section 14 is amended by inserting the following after the first sentence: "When the Authority finds that it would promote economy or be in the financial interest of the Federal Government, any contract heretofore or hereafter made for annual contributions, loans, or both, may, with Presidential approval, be revised or superseded by a contract of the Authority so that the going Federal rate on the basis of which such annual contributions or interest rate on any loans, or both, respectively, are fixed shall mean the going Federal rate, as herein defined, on the date of Presidential approval of such revised or superseding contract: *Provided*, That contracts may not be revised or

superseded in a manner which would impair the rights of the holders of any outstanding obligations of the public housing agency involved for which annual contributions have been pledged."

(8) Section 20 is amended to read as follows:

"SEC. 20. The Authority may issue and have outstanding at any one time notes and other obligations for purchase by the Secretary of the Treasury in an amount not to exceed \$800,000,000. Such notes or other obligations shall be in such forms and denominations, shall have such maturities, and shall be subject to such terms and conditions as may be prescribed by the Authority with the approval of the Secretary of the Treasury. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the notes or other obligations by the Authority. The Secretary of the Treasury is authorized and directed to purchase any notes or other obligations of the Authority issued hereunder and for such purpose is authorized to use as a public debt transaction the proceeds from the sale of the securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such act, as amended, are extended to include any purchases of such obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public debt transactions of the United States."

(9) Section 2 (5) is amended to read as follows:

"(5) The term 'development' means any or all undertakings necessary for planning, land acquisition, demolition, construction, or equipment, in connection with a low-rent housing or slum-clearance project. The term 'development cost' shall comprise the costs incurred by a public housing agency in such undertakings and their necessary financing (including the payment of carrying charges, but not beyond the point of physical completion), and in otherwise carrying out the development of such project. Construction activity in connection with a low-rent housing project may be confined to the reconstruction, remodeling, or repair of existing buildings."

ANNUAL CONTRIBUTIONS AUTHORIZATION

SEC. 605. Section 10 (e) of the United States Housing Act of 1937, as amended, is hereby amended by inserting the following after the first sentence thereof: "with respect to projects to be assisted pursuant to this act, the Authority is authorized, in addition to the amount heretofore authorized, to enter into contracts, on and after the 1st day of July 1948, which provide for annual contributions aggregating not more than \$32,000,000 per annum, which limit shall be increased by further amounts of \$32,000,000 on the 1st day of July in each of the years 1949, 1950, 1951, and 1952, respectively: *Provided*, That the contracts for annual contributions with respect to projects initiated after July 1, 1948, shall not provide for the development of more than 500,000 dwelling units without further authorization from the Congress."

TECHNICAL AMENDMENTS

SEC. 606. The United States Housing Act of 1937, as amended, is hereby amended as follows:

(1) By adding to section 6 the following new subsection:

"(e) With respect to all projects under title II of Public Law 671, Seventy-sixth Congress, approved June 28, 1940, references

therein to the United States Housing Act of 1937, as amended, shall include all amendments to said act now or hereafter adopted."

(2) By deleting from the proviso in section 10 (a) and in section 11 (a) the following: "unless the project includes the elimination" and substituting the following: "unless, subsequent to the initiation of the project and within a period specified by the Authority, there has been or will be elimination";

(3) By amending the second sentence of subsection 13 (a) to read as follows: "The Authority may bid for and purchase at any foreclosure by any party or at any other sale, or acquire (pursuant to section 22 or otherwise) any project which it previously owned or in connection with which it has made a loan, annual contribution, or capital grant; and in such event the Authority may complete, administer, dispose of, and otherwise deal with, such projects or parts thereof, subject, however, to the limitations elsewhere in this act governing their administration and disposition";

(4) By renumbering sections 22 to 30, inclusive, so that they become sections 23 to 31, inclusive.

SEC. 607. Any low-rent or veterans' housing project undertaken or constructed under a program of a State or any political subdivision thereof and with the express purpose indicated in the State legislation of converting the project to a project with Federal assistance (if and when such Federal assistance becomes available), shall be approved as a low-rent housing project under the terms of the United States Housing Act of 1937, as amended, if (a) a contract for State financial assistance for such project was entered into prior to January 1, 1949, (b) the project is or can become eligible for assistance by the Public Housing Administration in the form of loans and annual contributions under the provisions of the United States Housing Act of 1937, as amended, and (c) the State or the public housing agency operating the project in the State makes application to the Public Housing Administration for Federal assistance for the project under the terms of the United States Housing Act of 1937, as amended: *Provided*, That loans made by the Public Housing Administration for the purpose of so converting the project to a project with Federal assistance shall be deemed, for the purposes of the provisions of section 9 and other sections of the United States Housing Act of 1937, to be loans to assist the development of the project.

TITLE VII—FARM HOUSING

ASSISTANCE BY THE SECRETARY OF AGRICULTURE

SEC. 701. (a) The Secretary of Agriculture (hereinafter referred to as the "Secretary") is authorized, through such agency officers and employees as he may determine and subject to the terms and conditions of this title, to extend financial assistance to owners of farms in the United States and in the Territories of Alaska and Hawaii and in Puerto Rico, to enable them to construct, improve, alter, repair, or replace dwellings and facilities incident to family living on their farms to provide them, their tenants, lessees, sharecroppers, and laborers with decent, safe, and sanitary living conditions as specified in this title.

(b) For the purposes of this title and the acts amended hereby, the term "farm" shall mean a parcel or parcels of land operated as a single unit which is used for the production of one or more agricultural commodities and which customarily produces such commodities for sale and for home use of a gross annual value of not less than \$400. The Secretary shall promptly determine whether any parcel or parcels of land constitutes a farm for the purposes of this title whenever requested to do so by any interested Federal, State, or local public agency, and his determination shall be conclusive.

(c) In order to be eligible for the assistance authorized by paragraph (a), the applicant must show (1) that he is the owner of a farm which is without a decent, safe, and sanitary dwelling and related facilities adequate for himself and his family and necessary resident farm labor, or for the family of the operating tenant, lessee, or sharecropper; (2) that he is without sufficient resources to provide the necessary housing on his own account; and (3) that he is unable to secure the credit necessary for such housing from other sources upon terms and conditions which he could reasonably be expected to fulfill.

LOANS FOR DWELLINGS ON ADEQUATE FARMS

SEC. 702. (a) If the Secretary determines that an applicant is eligible for assistance as provided in section 701 (c) and that the applicant has the ability to repay in full the sum to be loaned, with interest, giving due consideration to the income and earning capacity of the applicant and his family from the farm and other sources, and the maintenance of a reasonable standard of living for the owner and occupant of said farm, a loan may be made by the Secretary to said applicant for a period of not to exceed 33 years from the making of the loan with interest at a rate not to exceed 4 percent per annum on the unpaid balance of principal.

(b) The instruments under which the loan is made and the security given shall—

(1) provide for security upon the applicant's equity in the farm and such additional security or collateral, if any, as may be found necessary by the Secretary reasonably to assure repayment of the indebtedness;

(2) provide for the repayment of principal and interest in accordance with schedules and repayment plans prescribed by the Secretary;

(3) contain the agreement of the borrower that he will, at the request of the Secretary, proceed with diligence to refinance the balance of the indebtedness through cooperative or other responsible private credit sources whenever the Secretary determines, in the light of the borrower's circumstances, including his earning capacity and the income from the farm, that he is able to do so upon reasonable terms and conditions;

(4) be in such form and contain such covenants as the Secretary shall prescribe to secure the payment of the loan with interest, protect the security, and assure that the farm will be maintained in repair and that waste and exhaustion of the farm will be prevented.

LOANS FOR DWELLINGS ON POTENTIALLY ADEQUATE FARMS

SEC. 703. If the Secretary determines (a) that, because of the inadequacy of the income of an eligible applicant from the farm to be improved and from other sources, said applicant may not reasonably be expected to make annual repayments of principal and interest in an amount sufficient to repay the loan in full within the period of time prescribed by the Secretary as authorized in this title; (b) that the income of the applicant may be sufficiently increased within a period of not to exceed 10 years by improvement or enlargement of the farm or an adjustment of the farm practices or methods; and (c) that the applicant has adopted and may reasonably be expected to put into effect a plan of farm improvement, enlargement, or adjusted practices which, in the opinion of the Secretary, will increase the applicant's income from said farm within a period of not to exceed 10 years to the extent that the applicant may be expected thereafter to make annual repayments of principal and interest sufficient to repay the balance of the indebtedness less payments in cash and credits for the contributions to be made by the Secretary as hereinafter provided, the Secretary may make a loan in an amount necessary to provide adequate housing on said farm under the terms and conditions prescribed in section 702. In addition, the Secretary may agree with the bor-

rower to make annual contributions in the form of credits on the borrower's indebtedness in an amount not to exceed the annual installment of interest and 50 percent of the principal payments accruing during any installment year, up to and including the tenth installment year, subject to the conditions that the borrower's income is, in fact, insufficient to enable the borrower to make payments in accordance with the plan or schedule prescribed by the Secretary and that the borrower pursues his plan of farm reorganization and improvement or enlargement with due diligence.

This agreement with respect to credits of principal and interest upon the borrower's indebtedness shall not be assignable nor accrue to the benefit of any third party without the written consent of the Secretary and the Secretary shall have the right, at his option, to cancel the agreement upon the sale of the farm or the execution or creation of any lien thereon subsequent to the lien given to the Secretary, or to refuse to release the lien given to the Secretary except upon payment in cash of the entire original principal plus accrued interest thereon less actual cash payments of principal and interest when the Secretary determines that the release of the lien would permit the benefits of this section to accrue to a person not eligible to receive such benefits.

OTHER SPECIAL LOANS AND GRANTS FOR MINOR IMPROVEMENTS TO FARM HOUSING

SEC. 704. In the event the Secretary determines that an eligible applicant cannot qualify for a loan under the provisions of sections 702 and 703 and that repairs or improvements should be made to a farm dwelling occupied by him or his tenants, lessees, sharecroppers, or laborers, in order to make such dwelling safe and sanitary and remove hazards to the health of the occupant, his family, or the community, the Secretary may make a grant, or a combined loan and grant, to the applicant to cover the cost of improvements or additions, such as repairing roofs, providing toilet facilities, providing a sanitary water supply, supplying screens, or making other similar repairs or improvements. No assistance shall be extended to any one individual under the provisions of this section in the form of a loan or grant or combination thereof in excess of \$1,000 for any one unit or dwelling owned by such individual or in excess of \$2,000 in the aggregate to any one such individual, and the grant portion with respect to any one unit or dwelling shall not exceed \$500. Any portion of the sums advanced to the borrower treated as a loan shall be secured and be repayable in accordance with the principles and conditions set forth in this title. Sums made available by grant may be made subject to the conditions set out in this title for the protection of the Government with respect to contributions made on loans by the Secretary. In the case of such loan or grant with respect to a dwelling not occupied by the owner of the land, the Secretary may, as a condition precedent to the grant, require that the landowner enter into such stipulations and agreements with the Secretary and the occupants of the dwelling as will make it possible for the occupants to obtain the full benefits of the grant.

TECHNICAL SERVICES AND RESEARCH

SEC. 705. In addition to the financial assistance authorized in sections 701 to 704, inclusive, the Secretary is hereby authorized to furnish to all persons, without charge or at such charges as the Secretary may determine, technical services such as building plans, specifications, construction supervision and inspection, and advice and information regarding rural dwellings and other farm buildings. The Secretary and the Housing and Home Finance Administrator are authorized to cooperate in research and technical studies in the rural-housing field. In furnishing such services and information, the Secretary

may utilize, through the Agricultural Extension Service, the facilities and services of State agencies and educational institutions.

PREFERENCE FOR VETERANS

SEC. 706. As between eligible applicants for assistance under this title, the Secretary shall give preference to veterans (defined for the purposes of this title to mean persons who served in the military or naval forces of the United States during World War II).

LOCAL PUBLIC AGENCIES AND COMMITTEES TO ASSIST SECRETARY

SEC. 707. (a) Wherever a local public agency now exists or may be hereafter created which possesses authority to assist low-income persons and families outside of urban areas to obtain decent, safe, and sanitary housing and related facilities, the Secretary is authorized, and after agreement with such agency is directed, to utilize the facilities of such local public agency for the purpose of making the benefits of this title available to the eligible owners or operators situated upon farms (as defined in section 701) lying within the boundaries of said local public agency.

(b) Wherever the facilities of a local public agency are not utilized, the Secretary may utilize the services of any existing committee of farmers operating (pursuant to laws or regulations carried out by the Department of Agriculture) in the county or parish where the farm is located. In any county or parish where the facilities of a local public agency are not utilized and in which no existing satisfactory committee is available, the Secretary is authorized to appoint a committee composed of three persons residing in the county or parish. Each member of such committee shall be allowed compensation at the rate of \$5 per day while engaged in the performance of duties under this title and, in addition, shall be allowed such amounts as the Secretary may prescribe for necessary traveling and subsistence expenses. One member of the committee shall be designated by the Secretary as chairman. The Secretary shall prescribe rules governing the procedure of local public agencies and committees utilized pursuant to this section, furnish forms and equipment necessary for the performance of their duties, and authorize and provide for the compensation of such clerical assistance as he deems may be required by any committee.

(c) The local public agency or committee utilized pursuant to this section shall examine applications of persons desiring to obtain the benefits of this title and shall submit recommendations to the Secretary with respect to each application as to whether the applicant is eligible to receive the benefits of this title, whether by reason of his character, ability, and experience, he is likely successfully to carry out undertakings required of him under a loan or grant under this title, and whether the farm with respect to which the application is made is of such character that there is a reasonable likelihood that the making of the loan or grant requested will carry out the purposes of this title. The local public agencies or committees shall also certify to the Secretary their opinions of the reasonable values of the farms. The local authorities and committees shall, in addition, perform such other duties under this title as the Secretary may require.

GENERAL POWERS OF SECRETARY

SEC. 708. (a) The Secretary, for the purposes of this title, shall have the power to determine and prescribe the standards of adequate farm housing, by farms or localities, taking into consideration, among other factors, the type of housing which will provide decent, safe, and sanitary dwellings for the needs of the family using the housing, the type and character of the farming operations to be conducted, and the size and earning capacity of the land.

(b) The Secretary may require any recipient of a loan or grant to agree that the availability of housing constructed or improved with the proceeds of the loan or grant under this title shall not be a justification for directly or indirectly changing the terms or conditions of the lease or occupancy agreement with the occupants of such housing to the latter's disadvantage without the approval of the Secretary.

SEC. 709. In carrying out the provisions of this title, the Secretary shall have the power to—

(a) make contracts for services and supplies without regard to the provisions of section 3709 of the Revised Statutes, as amended, when the aggregate amount involved is less than \$300;

(b) enter into subordination, subrogation, or other agreements satisfactory to the Secretary;

(c) compromise claims and obligations arising out of sections 702 to 705, inclusive, of this title and adjust and modify the terms of mortgages, leases, contracts, and agreements entered into as circumstances may require, including the release from personal liability, without payment of further consideration, of—

(1) borrowers who have transferred their farms to other approved applicants for loans who have agreed to assume the outstanding indebtedness to the Secretary under this title; and

(2) borrowers who have transferred their farms to other approved applicants for loans who have agreed to assume that portion of the outstanding indebtedness to the Secretary under this title which is equal to the earning capacity value of the farm at the time of the transfer, and borrowers whose farms have been acquired by the Secretary, in cases where the Secretary determines that the original borrowers have cooperated in good faith with the Secretary, have farmed in a workmanlike manner, used due diligence to maintain the security against loss, and otherwise fulfilled the covenants incident to their loans, to the best of their abilities;

(d) collect all claims and obligations arising out of or under any mortgage, lease, contract, or agreement entered into pursuant to this title and, if in his judgment necessary and advisable, to pursue the same to final collection in any court having jurisdiction: *Provided*, That the prosecution and defense of all litigation under this title shall be conducted under the supervision of the Attorney General and the legal representation shall be by the United States attorneys for the districts, respectively, in which such litigation may arise and by such other attorney or attorneys as may, under law, be designated by the Attorney General;

(e) bid for and purchase at any foreclosure or other sale or otherwise to acquire the property pledged or mortgaged to secure a loan or other indebtedness owing under this title, to accept title to any property so purchased or acquired, to operate or lease such property for such period as may be necessary or advisable, to protect the interest of the United States therein and to sell or otherwise dispose of the property so purchased or acquired by such terms and for such considerations as the Secretary shall determine to be reasonable and to make loans to provide adequate housing for the purchasers of such property;

(f) utilize with respect to indebtedness arising from loans and payments made under this title all the powers and authorities given to him under the act approved December 20, 1944, entitled "An act to authorize the Secretary of Agriculture to compromise, adjust, or cancel certain indebtedness, and for other purposes" (58 Stat. 836), as such act now provides or may hereafter be amended;

(g) make such rules and regulations as he deems necessary to carry out the purposes of this title.

OBLIGATIONS AND APPROPRIATIONS

SEC. 710. The Secretary may issue notes and other obligations for purchase by the Secretary of the Treasury in such sums as the Congress may from time to time determine to make loans under this title but not in excess of \$25,000,000 on or after the 1st day of July 1948, an additional \$50,000,000 on or after the 1st day of July 1949, an additional \$75,000,000 on or after the 1st day of July 1950, and an additional \$100,000,000 on or after the 1st day of July 1951. The notes and other obligations issued by the Secretary shall be secured by the obligations of borrowers and the Secretary's commitments to make contributions under this title and shall be repaid from the payment of principal and interest on the obligations of the borrowers and from funds appropriated hereunder. The notes and other obligations issued by the Secretary shall be in such forms and denominations, shall have such maturities, and shall be subject to such terms and conditions as may be prescribed by the Secretary with the approval of the Secretary of the Treasury. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the notes or obligations by the Secretary. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations of the Secretary of Agriculture issued hereunder and for such purpose is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such act are extended to include any purchases of such obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public debt transactions of the United States.

SEC. 711. In connection with loans made pursuant to section 703, the Secretary is authorized, on or after July 1, 1948, to make commitments for contributions aggregating not more than \$500,000 per annum and to make additional commitments on or after July 1 of each of the years 1949, 1950, and 1951 which shall require aggregate contributions of not more than \$1,000,000, \$1,500,000, and \$2,000,000 per annum, respectively.

SEC. 712. There are hereby authorized to be appropriated to the Secretary (a) such sums as may be necessary to permit payments on notes or other obligations issued by the Secretary under section 710 equal to (i) the aggregate of the contributions made by the Secretary in the form of credits on principal sums due on loans made pursuant to section 703 and (ii) the interest due on a similar sum represented by notes or other obligations issued by the Secretary; (b) an additional \$1,000,000 for grants made pursuant to section 704 on or after July 1, 1948, which amount shall be increased by further amounts of \$2,500,000, \$4,000,000, and \$5,000,000, on July 1 of each of the years 1949, 1950, and 1951, respectively; and (c) such further sums as may be necessary to enable the Secretary to carry out the provisions of sections 701 and 712, inclusive, of this title.

TITLE VIII—ADMINISTRATIVE AND MISCELLANEOUS PROVISIONS

ADMINISTRATIVE PROVISIONS

SEC. 801. (a) Effective upon the date of enactment of this act, the Housing and Home

Finance Administrator shall receive compensation at the rate of \$16,500 per annum, and the members of the Home Loan Bank Board, the Federal Housing Commissioner, and the Public Housing Commissioner shall each receive compensation at the rate of \$15,000 per annum.

(b) Section 101 of the Government Corporation Control Act, as amended, is amended by inserting "Federal Housing Administration;" immediately after the semicolon which follows "United States Housing Corporation": *Provided*, That, as to the Federal Housing Administration, the audit required by section 105 of said act shall begin with the fiscal year commencing July 1, 1948, and the exception contained in section 301 (d) of said act shall be construed to refer to the cost of audits contracted for prior to July 1, 1948.

SEC. 802. In carrying out their respective functions, powers, and duties—

(a) The Housing and Home Finance Administrator may appoint such officers and employees as he may find necessary, which appointments shall be subject to the civil-service laws and the Classification Act of 1923, as amended. The Administrator may make such expenditures as may be necessary to carry out his functions, powers, and duties, and there are hereby authorized to be appropriated to the Administrator, out of any moneys in the Treasury not otherwise appropriated, such sums as may be necessary to carry out such functions, powers, and duties and for administrative expenses in connection therewith. The Administrator may delegate any of his functions and powers to such officers, agents, or employees as he may designate, and may make such rules and regulations as may be necessary to carry out his functions, powers, and duties. The Administrator shall cause to be prepared for the Housing and Home Finance Agency an official seal of such device as he shall approve, and judicial notice shall be taken of said seal.

(b) The Public Housing Administration shall sue and be sued only with respect to its functions under the United States Housing Act of 1937, as amended, and title II of Public Law 671, Seventy-sixth Congress, approved June 28, 1940, as amended. The Public Housing Commissioner may appoint such officers and employees as he may find necessary, which appointments, notwithstanding the provisions of any other law, shall hereafter be made hereunder, and shall be subject to the civil-service laws and the Classification Act of 1923, as amended; delegate any of his functions and powers to such officers, agents, or employees of the Public Housing Administration as he may designate; and make such rules and regulations as he may find necessary to carry out his functions, powers, and duties. Funds made available for carrying out the functions, powers, and duties of the Administration (including appropriations therefor, which are hereby authorized) shall be available in such amounts as may from year to year be authorized by the Congress, for the administrative expenses of the Administration.

(c) The Housing and Home Finance Administrator, the Home Loan Bank Board (which term as used in this section shall also include and refer to the Federal Savings and Loan Insurance Corporation, the Home Owners' Loan Corporation, and the Chairman of the Home Loan Bank Board), the Federal Housing Commissioner, the Public Housing Commissioner, and the National Home Mortgage Corporation, respectively, may, in addition to and not in derogation of any powers and authorities conferred elsewhere in this act—

(1) with the consent of the agency or organization concerned, accept and utilize equipment, facilities, or the services of employees of any State or local public agency or instrumentality, educational institution, or

nonprofit agency or organization and, in connection with the utilization of such services, may make payment for transportation while away from their homes or regular places of business and per diem in lieu of subsistence en route and at place of such service, in accordance with the provisions of 5 U. S. C. 73b-2;

(2) utilize, contract with, and act through, without regard to section 3709 of the Revised Statutes, any Federal, State, or local public agency or instrumentality, educational institution, or nonprofit agency or organization with the consent of the agency or organization concerned, and any funds available to said officers for carrying out their respective functions, powers, and duties shall be available to reimburse any such agency or organization; and, whenever in the judgment of any such officer necessary, he may make advance, progress, or other payments with respect to such contracts without regard to the provisions of section 3648 of the Revised Statutes;

(3) make expenditures for all necessary expenses, including preparation, mounting, shipping, and installation of exhibits; purchase and exchange of technical apparatus; and such other expenses as may, from time to time, be found necessary in carrying out their respective functions, powers, and duties: *Provided*, That the provisions of section 3709 of the Revised Statutes shall not apply to any purchase or contract by said officers (or their agencies), respectively, for services or supplies if the amount thereof does not exceed \$300: *And provided further*, That funds made available for administrative expenses in carrying out the functions, powers, and duties imposed upon the Housing and Home Finance Administrator (except those imposed pursuant to titles II and V hereof), the Home Loan Bank Board, the Federal Housing Commissioner, and the Public Housing Commissioner, respectively, by or pursuant to law may at their option be consolidated into single administrative expense fund accounts of said officers or agencies for expenditure by them, respectively, in accordance with the provisions hereof.

ACT CONTROLLING

SEC. 803. Insofar as the provisions of any other law are inconsistent with the provisions of this act, the provisions of this act shall be controlling.

SEPARABILITY

SEC. 804. Except as may be otherwise expressly provided in this act, all powers and authorities conferred by this act shall be cumulative and additional to and not in derogation of any powers and authorities otherwise existing. Notwithstanding any other evidences of the intention of Congress, it is hereby declared to be the controlling intent of Congress that if any provisions of this act, or the application thereof to any persons or circumstances, shall be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder of this act or its applications to other persons and circumstances, but shall be confined in its operation to the provisions of this act, or the application thereof to the persons and circumstances, directly involved in the controversy in which such judgment shall have been rendered.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Farrell, its enrolling clerk, announced that the House had passed, without amendment, the joint resolution (S. J. Res. 212) to authorize the President, following appropriation of the necessary funds by the Congress, to bring into effect on the part of the United States the loan agreement of the United States of America and the United

Nations signed at Lake Success, N. Y., March 23, 1948.

The message also announced that the House had passed the joint resolution (S. J. Res. 157) to provide for the regulation of consumer installment credit for a temporary period, with amendments, in which it requested the concurrence of the Senate.

CONTROL OF INFLATION

Mr. FLANDERS. Mr. President, the President of the United States has called us together in extraordinary session to take measures for stopping the continued advance of inflation. The existence of inflation is no longer denied by anyone. We no longer speak of it as a prospective danger, as did many, even when it was in full activity in the initial stages. With our characteristic American ability to change our mental attitudes at the drop of a hat, we have shifted from thinking of inflation as a prospective danger into the mood of concluding that it has gone so far that a bust is inevitable. We did not take seriously enough the building up of a situation which might more easily have been remedied in its first stages, and we regard as inevitable consequences, which in a later stage, might still perhaps be brought under control by wise, resolute, and difficult decisions and actions.

The President has not only called us into session to consider this grave situation, but has likewise presented an administration bill which he desires that we enact into law. It is our duty to analyze that bill and see if it meets the requirements of practicability and effectiveness.

Before doing so, it is well to make clear to ourselves the structure and mechanism of inflation. The structure of inflation is based upon a large and growing supply of money seeking in the market for a restricted or more slowly growing supply of things to buy. The solutions of the problem therefore seem to lie in bringing the money supply under control, increasing the supply of things which the holders of the money seek to purchase, imposing voluntary restraints on the desire to purchase, or imposing involuntary restraints on the ability to purchase, as by rationing.

When this situation of increased money and restricted supply of things to be purchased, which situation may be called the structure of inflation, arises, there is a distinct and active mechanism by means of which prices are increased. This mechanism is the well-known cost of living, wage, profit, price spiral whose third revolution we are now enduring.

Remedies conceivably lie in the restriction of the money supply and the increase in production of things to be bought. It is likewise conceivable that if voluntary or involuntary brakes are put upon the mechanism of the spiral of inflation, a better opportunity may be given to bring money and goods into balance.

With these thoughts in mind, let us examine the administration bill.

Title I relates to the regulation of consumer credit. Consumer credit is one of the means by which the money supply is increased. As we all realize, a

major part of the money available to the United States consumer, whether for business or personal purposes, is not in the form of paper money or metal coins. It is largely composed of bank deposits generated by the extension of bank credit. One of the elements in this expanded credit and consequent deposits is consumer credit, made up in large measure of charge accounts and installment credit.

At this point I should like to call the attention of Members of this body to the monthly publication *Economic Indicators* prepared for the Joint Committee on the Economic Report by the Council of Economic Advisers and printed for the use of the Joint Committee on the Economic Report. Each Member of the Senate receives, or should receive, this publication each month as it is printed. On page 29 are statistics and charts indicating the growth of consumer credit, and particularly the growth of installment credit which has risen since the end of the war from around \$2,400,000,000 to \$7,000,000,000. This is a substantial increase in the money supply. It is particularly dangerous in that it assigns future income to present purchases. On December 17, 1947, the Senate wisely passed Senate Joint Resolution 157 restoring the authority to the Federal Reserve System to bring consumer credit under control. Most unwisely, in my judgment, the House did not concur in that bill, and in consequence this important and dangerous increment to the money supply has been allowed to go on. This is a responsibility which the Congress must bear rather than the administration.

Title I in the administration bill, S. 2910, which seeks to remedy this condition seems to be well thought out and should have our earnest consideration. It may well be that amendments may be introduced by the Banking and Currency Committee, but I would hope that the committee would report it out to the Senate and that the Senate will repeat its wise course earlier this year and pass it on for a more judicious consideration by the House.

Title II of the administration bill relates to bank reserves. By a mechanism which I assume to be understood in general terms by the Members of this body, the extension of bank credit can be controlled by limiting bank reserves. That authority is vested in the Federal Reserve System. The limits of possible action of this sort have nearly been reached, and the bill proposes to make legal for a period of 2 years still further increases in reserve requirements.

There are many who have felt that by this means alone the money supply could be reduced and inflation arrested. This is true. It is in fact only too true. By drastically curtailing the extension of bank credit, it is possible to reduce the money supply and end an inflation, but it is a matter of extreme difficulty to do this in any measured and controlled way. The relationship between the volume of credit resulting from a given restriction on reserves is not a mathematical relationship. It is a psychological relationship in large measure, and arises through

the hopes, fears, ambitions, and recklessness of millions of prospective borrowers, as well as through the medium of the mental reactions of the lenders.

As another way to control reserves, the Federal Reserve System can alter the rediscount rate. The Treasury can likewise affect interest rates by the terms on which it offers its securities for public sale, particularly the short-term paper. It could indubitably arrest the inflation by allowing the long-term bonds to seek a natural level, instead of maintaining them at par through unlimited purchase by the Federal Reserve System. The latter three measures do not require legislation to put them into effect. Of the three, the unpegging of Government bond prices is the most dubious and the most likely to lead to a train of undesired consequences. This brings us as legislators back to the proposal to raise the limits on reserve requirements as the particular responsibility for the consideration of this Congress.

The Banking and Currency Committee has under consideration both the proposal in this bill, which is supported by the present chairman of the Federal Reserve Board, and also the earlier proposal for special reserves offered by the then chairman, Mr. Marriner Eccles, to the committee some months ago. Both proposals merit consideration. Either proposal must be administered very carefully if disaster is to be avoided, and by disaster I would mean results unexpectedly sudden or unexpectedly drastic coming from a given degree of reserve control. Mr. President, I may say that, since I prepared these remarks, it appears evident that both Mr. Eccles, the remainder of the Board, and the Secretary of the Treasury have agreed on the administration program.

Testimony so far given before the Banking and Currency Committee seems to indicate that within the administration itself there was formerly a confusion of counsels so that it, until this time, has been unwise to make recommendations as to the control of bank credit. With these confused counsels, it is not strange that the Congress was unable to meet administration desires with regard to bank credit control. We must now, however, take this matter in hand as our own responsibility, and enact legislation for the guidance of the administration in this important field of money supply.

One other point needs careful consideration. It is the considered opinion of the former head of the Federal Reserve System, Mr. Marriner Eccles, that the entire banking system of the country must be brought under these new reserve requirements. If not, he feels assured that the Federal Reserve System itself will be seriously weakened by the handicaps placed on the member banks, as compared with nonmember banks. The present Chairman of the Board of Governors, Mr. Thomas McCabe, testified that he was willing to take that chance. More recent action of the Board of Governors supports the view that new reserve restrictions must apply to nonmember as well as member banks. There are questions of constitutional law

involved which are being considered by the Banking and Currency Committees and on which the Houses of Congress will have to pass judgment.

I mentioned earlier the delicacy and danger in entrusting the control of inflation entirely to Government action in the field of supply of bank credit. The delicacy required is great. The danger is great. I can only express my present view with regard to this by saying that I feel confident that the Board of Governors of the Federal Reserve System is well aware of the delicacy and the inherent danger and can be depended upon to act cautiously and wisely if the additional authority is given it.

Title III of the administration bill deals with prices and wages. This is the most contentious title in the bill. In view of the break-down of price ceilings and the broad expansion of black markets in the later months of OPA, general opinion will assuredly be lined up against this proposal, although it is, on its face, the obvious way to deal with price increases.

Last fall, as the result of the price hearings, and in the early weeks of the second session of this Congress, I was convinced of the possibility and the wisdom of indirect price control by means of rationing. I do not now believe that that remedy for the high cost of living is practical.

The proposals, which were supported by Mr. JAVITS, of New York, in the House and myself in the Senate, related to the rationing of meat; and so far as I was concerned, these proposals were based on a particular situation which existed at that time, and from which present conditions differ in important respects.

At the time when meat rationing would have been effective we had finished with the second round of wage and price increases. There was a pause in the upward rise of the cost of living, or at least a slowing up of the rise which was in evidence from December through April. Of the factors which contributed to the preceding rise to the then existing higher level and to the subsequent rise, food was by far the most important; and in food, the element of meat and meat products constituted the most uncontrollable factor. It seemed clear at the time that if this uncontrolled element could be brought under some measure of control it might be expected to stabilize for a considerable period the whole cost of living. Could that have been done, it seemed reasonable to expect that organized labor might refrain from initiating the third round of wage increases based on the rising cost of living. With organized labor refraining from further demands, it seemed reasonable to expect that business would refrain from further price increases and might even, in the case of those industries and businesses which were in a good profit position, offer substantial price reductions. This would in turn and in time affect the cost of living in a favorable way and help to stabilize our whole economy. We might perhaps have put an end for an extended period to the whole inflationary process by thus putting brakes on what I have called the machinery of inflation. Could

this have been done, sufficient time would have been granted to attack in an orderly and successful way the fundamental factors of purchasing power and production which were out of line with each other.

The possibility of thus bringing inflation under control appeared the more sure, since important business groups showed a willingness to play their part. In the fall, for instance, the Ford Motor Co. and the International Harvester Co. both made substantial reductions in the price of their products. Some weeks later General Electric announced reductions in the cost of the items of their output which went into consumer use, particularly in the case of electrical household equipment. The largest lumber company in the world, the Weyerhaeuser Co., announced a decrease of 10 percent in the cost of lumber. Business did show a willingness to go along with the program.

Furthermore, William Green, for the American Federation of Labor, in an editorial in the January issue of the American Federationist made certain significant statements. With much else that was sensible, he said:

Because the practice of tail-chasing gets us nowhere, the American Federation of Labor has urged unions to base demands for wage increases on increases in output. Such union efforts need the cooperation of management and individual managements need the cooperation of others in the industry. All need the cooperation of credit and banking agencies, and these agencies, in turn, need the cooperation of those controlling our fiscal policies and governmental appropriations.

Some representative of a responsible national interest could call together representatives of all functional groups, so that all could have a common understanding and agree upon how to deal jointly with problems of inflation and then accept responsibility for doing their specific shares, including periodic reports on progress. These reports should be reviewed by the national representative group for the purpose of evaluating progress and adjusting the program.

This is the democratic way forward which would strengthen—not weaken—free enterprise.

Thus spoke the President of the American Federation of Labor. There was therefore an encouraging measure of cooperation by industry and by one of the great branches of organized labor. There was no cooperation on the part of the Congress in the part it had to play in giving a measure of stability to the cost of living, on which the whole project for slowing up the machinery of inflation was based. The meat-rationing bills were never reported out of the two committees of the House and Senate to which they were referred. The opportunity was lost. In my judgment, the opportunity does not now exist for accomplishing the same results that might have been accomplished 6 or 8 months ago. The expected and feared third round of inflation is still in progress. There is no visible tapering off on which an arrest of the rise of the cost of living might be based. Furthermore, with the unfortunate experience which the industry leaders in the lowered-price movement suffered, they might not feel justified in supporting the project a second time.

Ford and International Harvester were forced by rising wage and material costs to raise their prices again. Weyerhaeuser met with no response from other members of the great lumber industry who sat cynically by to see how long Weyerhaeuser would stick it out. General Electric was faced with further rising costs of material and labor, which made the continuance of their program impossible.

It may be that the group of conditions which made meat rationing favorable at the time it was proposed will recur at some future time or that other means of price control of a restricted group of foods or commodities may be selected with similar grounds for useful result. In my own judgment, that fortunate combination of circumstances does not now exist. Price control would soon break down because the useful, widespread effects would not meet with the same evidently useful results and the same widespread support of manufacturers, organized labor, and consumers that might have been expected some months ago.

I am frank to say that the wage section of title III puzzles me. Reading it with all the intelligence that I can muster, I cannot make it out a project for wage control at all. It seems to be just another section of the price-control undertaking relating to the conditions under which prices will be permitted to rise in case wage advances have been voluntarily or involuntarily granted. This looks to me very much like an artfully mistitled section of a title III which really relates to price control and price control only. The proposed wage board can disapprove of an unwise wage increase, but it cannot forbid it. All it can do is to say "Tut! tut!" This is unfortunate, since the matter of restraint in wage increases is the nucleus of the problem of the inflationary spiral.

In brief, there is nothing in title III that I would be willing to support on the basis of any information or experience available to me at the present moment.

Perhaps something can be said in favor of title IV—priorities and allocations. The proposals relate, it would seem, more directly to capital goods and the raw materials for them than to the consumer goods which are such an intimate part of the inflationary spiral. The Chief Executive certainly asks for tremendous power over a section of the economy which is of great importance but which is not as vitally concerned as are the consumer-goods industries and consumer-goods materials—like those relating to food, clothing, and shelter. The power asked for is indeed enormous if the word "facility" in this title means what I suppose it to mean—namely, factories, warehouses, and productive machinery.

There is no product or group of products which appear to need allocation and inventory control as much as do raw and semifinished iron and steel. Such pressing needs as freight cars and housing must be supplied. As to housing, there is need for a flow of pig iron to pipe foundries and of steel rod to nail mills which shall balance out with the available supply of other materials and of the labor

supply to give a maximum construction of housing units without inflationary effects.

Title V relates to rent control. It was the intent of the Rent Control Act of 1948 gradually but definitely to relinquish this element of the cost of living to the responsible control of State and local governments. This to my mind is a wise and appropriate policy. It is wise because the centralized administration of rent control has resulted in such abnormalities and injustices as to make it doubtful whether proper centralized rent control is at all feasible. It is appropriate because houses, the cost of building and maintaining them, and the rents received for occupying them, are not materials or facilities in interstate trade in which the Federal Government must in the nature of the case enter as the controlling agency. Federal rent control has proved highly unsatisfactory. If the local assumption of responsibility provided for in the present law is not satisfactory, the responsibility for the bad conditions goes right back to the citizens of the State in which the bad conditions exist. In this situation in which interstate relationships do not exist, the citizens of the local community must hold their own government responsible.

Title VI relates to the regulation of commodity exchanges. Here is another controversial question on which I must confess that my own point of view has changed with further study of the problem. I am no longer convinced that speculation can for a long period of time keep a commodity market above its natural level. It may indeed maintain it for a longer than natural period at a high level, in which case it will naturally drop to a deeper and longer-extended low level after the impossible task of maintaining it has been given up. It has to be remembered that the bear influences in the great commodity markets are as active as are the bull operators.

What I am inclined to believe is that there are waves of speculation in which large numbers of amateur speculators become involved, whose operations tend to make the ups and downs of the market more violent than they would otherwise be. If further controls of such markets as the grain exchanges are undertaken, I have become convinced that a part of the objective should be to control the ease of access to speculation on the part of the general public rather than to restrain professional operations. I know that this is not the popular point of view, but it is one which I have come to accept.

It is perhaps appropriate to call attention to the operations of the Commodity Credit Corporation in its purchases, particularly with relation to the purchases of grain. If this Government body were a private individual or firm, it would lay itself open very strongly to the suspicion that its purchases, in their timing and volume, were made with an eye to the effect of those purchases on the price of the commodity. These interests, unfortunately, may be in reverse from those of the consumer and taxpayer. There seems to have been at times an endeavor to maintain the price of wheat, as an example, to the detriment of the

taxpayer in the bill he has had to pay for relief and to the detriment of the consumer in its effect on his cost of food. If the exchanges are to be controlled, I suggest that investigation should also be made as to controlling the Commodity Credit Corporation.

It is astonishing that the only clear reference to action reducing food costs appears to be this dubious one of curtailing commodity exchange margins. Price supports and production quotas would seem to be due for a thorough analysis and overhauling, from *prima facie* evidence. In spite of the fact that food, almost completely agricultural in origin, is the most intractable element in the cost of living, the administration bill passes it hastily by. Perhaps it is too hot a subject. Perhaps Republicans as well as Democrats dare not look the problem of food prices in the face. Your speaker's knowledge and experience has lain with industry rather than with agriculture since he ceased farm work as a boy of 16; but he cannot help wondering if we may not be leaving a major source of high living costs unexamined and uncorrected. Should not the House at least recede from its position on the Aiken bill and permit that to come into full effect January 1 of 1949?

I wish to corroborate what might be inferred from the emphasis of the Senator from Delaware [Mr. WILLIAMS] on the price of potatoes and the destruction of potatoes, to say that among my own constituents there is no single situation which makes housewives and their husbands more angry than seeing a load of low-priced potatoes for feed going past the house when they are having to pay prices far larger than any price they ever expected to pay for a bag of potatoes. If I understand the Aiken bill—and I do not claim to understand it from beginning to end, because perhaps that requires a specialist—I am clearly convinced that that bill would remove the abuses which exist in the present price-support policies which have been legislated with regard to potatoes.

So much for the administration bill. Only a small part of it is useful and it cannot be expected to play a major part in the control of inflation. Let us now take a broader view and see what else can be done.

We may well wonder whether we are not misapprehending our present economic situation as being a temporary crisis for which crisis remedies may properly be proposed, when instead of that our inflation is, in fact, a chronic evil which must be expected to be endemic in any condition of long continued high employment and production. This I believe to be true, and I regret to say that with the best thought I have been able to bring to the problem, I have been coming to the conclusion that the fundamental remedies lie only in part within the jurisdiction of Government and that a large burden of the responsibility of control lies with organized labor and with industry.

Can we have full employment without inflation? We can easily see how the full employment, which has now lasted for years, tends toward inflation. We

can see that when a worker is confident of getting a new job if he looks for one and decides to quit his old one, he will be quite insistent when he seeks for an increase in his wage rate, whether he makes that demand directly as an individual or through the labor organization to which he belongs. We can also see how, when workers are fully employed and pay rolls reach unprecedented heights, the manufacturer and the merchant, in the face of this unprecedented purchasing power, feel no particular necessity for reducing prices or keeping profits under control. They likewise feel less necessity for resisting wage demands if access to a reservoir of credit is wide open. That many firms have been content with moderate profits is a tribute to their long-range judgment, but this high quality is by no means universal and is not the ruling factor in these inflationary times. Full employment, therefore, is the fertile soil in which thrive and flourish wages, profits, and resulting prices, resulting high cost of living, and a finally resulting demand for still higher wages. This is the mechanism of inflation which we commonly call the inflationary spiral.

It is easy to see how a considerable pool of unemployment, say six or eight million out of our present employment of 60,000,000 would tend to slow down or reverse this inflationary movement. If an employed workman were not sure of another job, he would not be so insistent on higher wages. With a considerable percentage of his potential customers unemployed, the manufacturer or merchant would lack assurance that increased prices would bring increased profits to him instead of a prospective loss. He could not safely raise prices without losing his market.

Shall we, then, reluctantly accept unemployment as a cure for inflation? Or shall we try other ways? Let us examine some of these other ways.

The inflation spiral generates an increasing supply of purchasing power but under the conditions assumed and now existing, that purchasing power meets a stationary or only slowly rising output of goods and services. Remedies, therefore, would seem to lie in decreasing purchasing power or increasing the output of goods and services, or both.

The Government can do something about the supply of purchasing power. It can balance its budget; it can do better than balance its budget, it can accumulate a surplus. This reduces purchasing power. It can use that surplus either to pay off indebtedness or to be held as a Treasury surplus. If the indebtedness paid off is held by the Federal Reserve Banks, the purchasing power remains extinguished. If it is bank held, then there is still an opportunity to reduce the current purchasing power in the market by reducing the volume of outstanding bank credit, which constitutes the major portion of our money supply.

The accumulation of this budgetary surplus can be done by increasing taxation or reducing Government expenditures, or both. Increasing taxation draws money away from those who are taxed and thus prevents them from

spending as much. This is anti-inflationary. Another expedient is available, but not as yet tried in this country. We can impose compulsory saving in lieu of increasing taxes. There would then be an opportunity to expand taxpayers' purchasing if deflation gets out of hand. Reduced expenditures mean the elimination of workers from Government jobs and their return to private business. This can result in increased civilian production. This also is anti-inflationary.

There are other methods by which government can reduce purchasing power which we have already considered. It can recover and exercise its powers to control installment buying, though this Congress refused permission to the administration to do so. It can, in connection with the refinancing of the national debt, raise the interest rates for business as a whole, thus cutting down the extension of credit. It would be difficult to do this without lowering Government bonds below par, so that this possibility is one which is not immediately attractive. It can raise reserve requirements for the banking system to a point where the total of outstanding loans is arrested or decreased. In fact, by these and other means, the Government can clearly restrict the available credit to such an extent indeed as to surely end an inflation. Then why not do it?

The answer to this question is quite simple, and I have already stated it. Let me state it again. Doing it is a very delicate operation indeed. The line between overdoing it and underdoing it is difficult to discover. As I have said earlier, the factors involved are largely psychological rather than mathematical. If the means of credit restriction employed show too little result, there is danger that the addition of another increment to credit restriction may result in a definite and disastrous slump, which involves unemployment, underproduction, and real distress. Government can end inflation. There is no question about that. The question is, can it do it safely? About that there is a great deal of question indeed. We are not without experience in this matter. The Government feared inflation in 1937. Early in the year it took measures to prevent it. Inflation was promptly squelched, but so were employment, production, and recovery. The Governors of the Reserve Board, in their sphere of activity, may surely be counted on to proceed with greater caution.

So much for the reduction of purchasing power. This is the less attractive of the two methods anyway. By far the more attractive is some method by which more goods are produced to meet the available purchasing power.

The Government can do something about this. In general, the increase in our standard of living, resulting from higher production per man-hour of our workers, has not been a result of longer hours or harder work on the part of those employees in production and distribution. On the contrary, we work far fewer hours than we did a generation ago, and our work physically is far easier. The higher production and the higher

standard of living have been obtained by better business management, improved and cheaper products, and more productive machinery and methods. The basis of our improvement in output, therefore, largely depends on a heavy and wise investment of profits in the development and manufacture of new products, with new equipment, and by new methods.

To revive this process, which is the long-time and time-tried method of improving the material condition of the inhabitants of this country, is dependent largely on tax policies appropriate to the undertaking. To devise and put into effect these tax policies must be a matter of continued study by the responsible committees of Congress and of willingness by the House and Senate to put them into effect. That willingness will not exist unless a substantial part of the electorate has become convinced of the general social value, and the particular value to them, of profits of industry wisely directed to this social end.

In this connection industry has definite responsibilities. In addition to those for conservative pricing which have already been mentioned, they have to see that profits are wisely used in increasing their productive capacity. It is admittedly difficult to do this, since the great business profits about which we read are in many cases unavailable as actual cash for purchases and investment. Without increase in the physical amount of inventories, of work in process or of accounts receivable, dollar signs against all these items may have very large increases, and those increases would all go to swell the profit side of the profit-and-loss statement. Yet in reality these increases, due to inflation, represent in many cases a necessity for bank borrowing, and do not at all represent funds which can be drawn on either for dividends or for reinvestment, in spite of the fact that they appear on the profit side of the ledger.

It is therefore not going to be easy in all cases to apply what look like excellent profits to this desirable purpose of increasing productive capacity by wise investment.

There is a further complication. Many conservative firms properly take into account the fact that their reserves for depreciation and obsolescence are based on replacement costs of earlier years, which will have to be very materially raised in view of present costs of machinery and equipment. With that in mind, there has been a very understandable tendency to increase depreciation allowances. The unfortunate thing is that the very act of doing this is one of the incentives for price increases where at least price maintenance is highly desirable. The effort to protect the company against inflation, therefore, tends to increase the inflation against which protection is sought. In its own way this action parallels that of the wage earner who seeks by higher wages to compensate for an inflation which his higher wages will only encourage. Would it not be wise for both groups to rely on the wisdom of action which seeks to arrest the spiral rather than to put more pressure behind it?

What can labor do to increase the output of goods? As has been said in connection with industry, the real contribution to increasing the standard of living has been made by industry itself in improved management, equipment, and product. Is there anything that labor, organized and unorganized, can do? There is something that the workers can do.

With full employment and with our current equipment and business organization, we have reached the limit of production on the basis of the 40-hour week. This is the rock bottom on which the whole machinery of inflation is founded. With that limitation on output, nothing that is done in the way of increasing incomes will do more than increase prices, except as wage increases to the higher paid enable them to take away a still larger share from the underpaid. Inflation can bring a net advantage to the higher paid; but, as the immoral nature of that advantage is clearly seen, we may feel assured that the process will become unsatisfactory to many of those who are now so ardently pursuing it.

But if increased incomes only increase prices for the community as a whole, what can labor do about increasing output? Has the time not come for the body of workers to consider this question? What matters most, leisure or goods and services? If we want to preserve our leisure, the only way we can increase our goods and services is by the slow process of the accumulation of profits applied to more efficient production. If, on the other hand, we wish a more rapid increase in the material good things of life, the remedy is near at hand. The remedy is longer working hours.

Those working hours are, of course, always available under the penalty of overtime payment. That overtime payment would have to be given up in most industries before it would be possible to run the extra hours. Do the working people of this country care enough for more goods and services to work longer hours without overtime? That is not a question for the management group to decide. It is a question for the workers, organized and unorganized, to decide for themselves: whether or not they want the Fair Labor Standards Act amended to permit this. We may well remember that this act was passed in a time of acute unemployment to spread work. Is it appropriate to a time of full employment?

The question has been raised as to whether longer hours would have any beneficial effect on prices. This is to say, would they have any effect on reducing inflation? The effect would not be as direct or easily understood as would the effect on the standard of living. There would, however, be definitely a beneficial effect possible on the price level.

There are very few manufacturing or mercantile firms in which the present working week could not be moderately increased without increases in salaries, in taxes, in insurance, in depreciation, and in numerous others of the fixed expenses. This means that the longer hours would reduce unit costs and could

reduce prices. The reductions in costs are not great enough to take care of time and a half for overtime in most industries, but on a full-time basis they would make possible a definite reduction in prices in most industries.

As previously stated, this decision lies in the hands of labor and not of management.

Business and labor then have a heavy responsibility and it is to be found primarily in the negotiations for wages and working conditions, which are continuously going on between these two groups. The demand is for statesmanship of a high order, between both the employers and employees.

As a matter of fact these negotiations, particularly in the case of the nationwide industries and the nation-wide labor organizations, are no longer private matters. They cannot be. The whole well-being of all the people depends on arriving at wise decisions in all such cases.

A fallacy which leads to harmful demands is that corporate profits can be redistributed to employees on a generous scale. Those profits in 1947 amounted to about \$28,700,000,000 before taxes—a very tidy sum indeed. Why not distribute the greater part of that in increased wages? For one thing the Government needs the \$11,700,000,000 it collected in taxes, and the added billions it collected in double taxation on the dividends paid to stockholders. Furthermore dividends must be paid if capital is to flow into production in a free economy; and as we have already seen, about the only hope for a continued rise in living standards, apart from longer hours and increased worker efficiency, is a revived flow of profits into new materials and products and more efficient plant and equipment.

The most serious soul-searching must be done by the unions with the more highly paid membership who customarily spearhead the demands for still higher wages. These unions should rest on their oars. It is the low-income groups who must come up. As they are left farther and farther behind they have to concentrate all their energies on the bare necessities of minimum food, clothing, and shelter. They are lost as customers. They become a menace to prosperity. They are the hapless, hopeless means by which inflation in due time ends in a bust.

But equally responsible are the employers. The manufacturer or merchant, in these delicate times, whose profits permit reasonable dividends and reinvestment, who yet raises his prices to more than offset wage and material increases—such a man is likewise driving our inflation into a disastrous and inescapable bust.

In accepting these hard facts, are we throwing the free-enterprise system overboard? At first sight, it looks as though we are. It was Adam Smith's conviction that the summation of all the selfish activities, of all the factors in business operations, resulted in the general good. It would appear that we can no longer hold to that point of view, when we ask business and labor to make their deci-

sions with the general interest in mind, as well as their own immediate self-interest.

We have one recent example of labor negotiations which bears the earmarks of having been decided, in part at least, on the basis of the general interest. I am referring to the contract recently negotiated between General Motors and the United Automobile Workers. To the extent that the general interest did enter into these negotiations, were the interests and the principles of private enterprise thrown overboard?

This is an important question. Should we say that grim necessity is leading us away from private enterprise or that only lip service can be rendered to that principle in guiding our decisions?

As for myself, I do not believe that this recognition of the general interest involves the neglect of the private interest. I hold the opposite view and for a very simple reason. The private interest is involved in the public interest. If the public interest is not served, the private interest ends in disaster. What we are faced with here is the distinction between short-range private interests and long-range private interests. As we grow in experience and intelligence, we should see further and further into our long-range interests, and except as we do this, our short-range interests will lead us into disaster.

Our safety thus depends on the development of statesmanship in our people as a whole. Only thus can we escape continued and ultimately explosive inflation, which will lead into social revolution with its accompanying physical distress and lowered standard of living to the people as a whole. We have a great challenge laid before us. That challenge we must meet with courage, with wisdom, and with determination.

Mr. President, I wish it were possible for me to present more simple means for controlling inflation. I wish it were possible, as perhaps our President hoped, for us to be called into session, pass a law, and then go home with the job done. Such a simple remedy is impossible. It is impossible because the cause and the responsibilities are broad-spread over the whole Nation and all of its citizens; and many areas of personal responsibility cannot be reached except by devices of totalitarian control which we have never tried even in wartime. The remedies can only be applied by a government whose citizens are able and willing to do their part.

To summarize, the fundamental remedies lie in the increase of production to meet an adequate but controlled purchasing power, in the interim control of the wage-cost-profit-price spiral while these longer-range adjustments are being made, and in wise fiscal controls which must be applied more slowly but can be applied more safely than the more drastic monetary remedies. I have already suggested the titles of S. 2910 which will be useful in this regard. They relate to the regulation of consumer credit and the control of bank reserves or other means of restraining the expansion of credit. This is not enough.

We have a responsibility for wages laid on organized labor and for prices laid on

business which must be conscientiously met in the long-range self-interest of both labor and business. Neglect of these will start the machinery of depression.

The worker must ponder and accept the means of increased production, so far as hours of work are concerned, while he and the ordinary citizen gain understanding of the tax reforms on which their material improvement ultimately depends.

With these conditions met, government in its fiscal and monetary policies, and particularly in its fiscal policies, can lay the foundations for the more long-range solution to the problems involved in controlling the destructive process of inflation and redirecting its elements to the advantage of our society.

This is a hard way. We only deceive ourselves if we trust ourselves entirely to easier ways. Intelligence, good will, and courage will win.

THE AGRICULTURAL ACT OF 1948

Mr. AIKEN. Mr. President, there have been so many questions asked in regard to the Agricultural Act of 1948, which was passed by the Congress last June, that I desire at this time to discuss some of the purposes and the provisions of this act.

There has been some misunderstanding created concerning this legislation due to the fact that the interpretations of some people seem to have been based upon an analysis of the original bill, which was introduced for the purpose of holding hearings and obtaining testimony from experts and farm leaders, rather than upon the law as it was finally approved by the Congress.

I am not going to attempt a section-by-section analysis of the law now because this ground has been well covered by Chairman Hope of the House committee, and a comprehensive statement thereon will be found on pages A4564 to A4567 of the Appendix of the CONGRESSIONAL RECORD.

Rather, I wish to discuss the reasons for certain provisions of the bill and the effect which those who sponsored the measure believe that such provisions will have upon the agricultural and general economy of our country.

Everyone recognizes the fact that a healthy agriculture is essential to the general welfare of our entire economy. We know from experience that when agriculture becomes distressed our whole economy is in very serious trouble.

We know from experience that when agriculture does not produce sufficient quantities of food and fiber to meet the needs of our consumers, our industries, and the export demand, the effect upon prices is definitely inflationary and it becomes more difficult for low-income persons and those living on fixed incomes to make both ends meet.

It is common knowledge also that the United States has for over a century been using up its capital assets or the natural resources of the soil and that this practice must now be reversed if we as a Nation are to continue to be self-sustaining.

It was with these facts in mind that your Senate Committee on Agriculture proceeded with the development of a new and expanded agricultural program.

It is upon titles II and III of the Agricultural Act of 1948, which titles were titles III and IV of the bill S. 2318 as approved by the Senate, that I shall concentrate my remarks today.

Title I of the Agricultural Act of 1948 is the measure which was approved by the House and which, in general, continues the wartime support of basic and a few nonbasic commodities for one more year or until January 1, 1950, after which time the long-range price support program of the Senate will take effect.

As I have indicated, it was clear to the members of the committee that a well-rounded agricultural program should be one which would restore and maintain our soil resources, would provide our people with an adequate production of food and fiber at a fair cost, and would yield sufficient income to the farmer to enable him to maintain the farm and facilities at a high level of productive capacity and give him an income sufficient to support his family on a level comparable to that enjoyed by other economic groups.

Both Senate and House committees held extensive hearings on a long-range agricultural program. We did this under instructions and authority given us by the Congress in the summer of 1947.

While the committees of both Houses gave much consideration to all factors essential to a long-range farm program, the House placed greatest emphasis on the development of a long-range policy for land use and improvement.

The Senate devoted its main efforts toward a reorganization and consolidation of the soil-conservation agencies of the Department of Agriculture and toward the development of a long-range price-support program.

It was the opinion of the Senate committee that the cornerstone of a long-range farm program must be the assurance of an adequate income to the farmer.

Without a fair income it would be idle to talk of farm improvements and other things which require money.

It is also clear that a stabilized farm income is necessary if we are to achieve adequate production to meet consumer needs.

In adopting a long-range farm price-support program, the Congress has laid the cornerstone for what promises to be a most comprehensive and stable farm economy.

The two Houses of the Congress did not have the time necessary to develop and agree upon a long-range land-use policy and an expanded soil-improvement program.

Unlike the price-support program, which was urgent, a broadened land-use program was not necessary at this session to prevent our going backward.

In fact we are already making progress in the field of maintaining and improving our soil resources under existing laws.

The Soil Conservation Act of 1935 and the Triple-A Act of 1938, under which the agricultural conservation program now operates, are still the basic law of the land and progress is being made by both the Soil Conservation Service and the ACP in their fields.

The long-range price-support program, as approved by this Congress, may have its minor faults, but in it are permanently established certain indisputable principles which must endure.

Under the Agricultural Act of 1938, the Secretary of Agriculture was authorized to support the prices of corn, wheat, cotton, tobacco, and rice at prices ranging from 52 to 75 percent of parity. In 1941 peanuts were also included in this list.

These six crops are known as basic commodities. They are so called because they are produced in exportable quantities and are storable for reasonably long periods.

The other 151 kinds of agricultural commodities commonly produced in the United States are known as nonbasic commodities.

Many of these nonbasic commodities greatly exceed the basic commodities in dollar value. However, only a few of them are produced in exportable quantities and only a few lend themselves to long periods of storage without serious deterioration.

Many nonbasic commodities have been supported at 90 percent of parity during the war years under the provisions of the Steagall amendment of July 1, 1941.

The Committee on Agriculture and Forestry recognized the desirability of permanent support levels for many nonbasic as well as the basic commodities.

Before setting up definite formulas for the support of farm commodities, it was found advisable to revise the criteria upon which farm-support prices are based.

Since support prices and the parity principle were first established in 1933, a percentage of parity has been used as the basis for extending such supports.

The base period established for the determination of parity prices for farm products was the years 1910-14.

At that time prices received by farmers were more in line with the prices received by other groups of our economy than at any other time.

This base period was wisely chosen, but as time went on changing conditions and methods of production made it inequitable or unfair to many farm commodities.

New crops which were of minor importance during that 5-year period, 1910-14, became of major importance, while the development of new machinery, the change in consumer appetites, and scientific advancements had an effect upon production costs and other factors in the agricultural field.

Under legislation authorized by the Congress in the last 15 years, many different base periods have been used for various agricultural commodities which are commonly produced in this country, and for which the original base period of 1910-14 proved to be unfair.

In fact, the 1910-14 base period became so out of line that at the present time only 47 of the 157 principal agricultural commodities produced in this country are using that period.

In order to bring the different farm commodities into the proper relationship with one another, it was felt wise to modify the parity formula in such a way that parity prices for various commodities

would not constantly be getting out of line.

Provision is made, therefore, in the Agricultural Act of 1948 for a new parity formula using the latest 10 years as an adjusted base period.

Inasmuch as the original 1910-14 period is still the most equitable in relating agriculture as a whole to other factors of our economy, we tie the 10-year moving period to the 1910-14 period by means of a simple formula.

Under this formula, the average price for a farm commodity for the preceding 10 years is taken.

This is divided by the percentage which farmers received for all crops during this 10-year period in relation to the price received during the years 1910 to 1914.

The result is multiplied by the percentage of prices which farmers pay today in comparison with their costs during the 1910-14 period.

Several examples of the working of this formula are given in Representative Hoar's analysis of the bill, so I shall not elaborate further on this subject.

Suffice it to say that we believe the new parity formula will establish the proper relationship between the various agricultural commodities, and it will not be necessary to establish new base periods for different commodities from time to time.

This formula has been worked out in the light of experience over the last 15 years. It will not in any way change parity prices for agriculture as a whole. It will simply change the relationship between different agricultural commodities from year to year.

Having established a new parity formula, it was then necessary to determine at what percentage of parity it was best to support agricultural commodities.

Contrary to the opinions of some, the farm support price program is not intended to guarantee the farmers cost-plus or even cost of production. It simply establishes a floor below which prices cannot fall, thus guaranteeing him against a complete collapse of the market and bankruptcy.

Your committee approached the determination of a price-support level with two principal objectives: First, to secure adequate production of those commodities which we need most, while discouraging overproduction of commodities which might happen to be in surplus; second, to seek for the farmer a fair percentage of parity of income, rather than to maintain a high level of support for specific commodities.

It has been found since the war that 90 percent of parity support for certain commodities amounts to an incentive to overproduce, while discouraging a desirable change to the production of commodities which are in short supply. The question of potato support prices has been referred to very frequently. I think there should be some explanation concerning the potato situation. I wish to say that if it were not for the support price given to potatoes some 6 or 7 years ago, potatoes now might conceivably be completely priced out of the market.

It will be recalled that at the beginning of the war, when industry was offered production incentives, agricul-

ture was also offered production incentives. The Congress said to the farmers, "If you will produce more potatoes, even at the cost of converting your farm to the production of potatoes and buying the expensive machinery necessary, so that as a Nation we may save more grain for shipment overseas, then we, the Government, will guarantee you 90 percent of parity for the duration of the war and for 2 years thereafter."

In a few short years the farmers of the United States found out, with the aid of the incentive price, how to produce approximately 70 bushels of potatoes more to the acre. We are now producing more potatoes than we need; but in supporting the price of potatoes today the Government is simply carrying out an agreement which it made with the farmers in 1941, 7 years ago. That mandatory 90 percent support level ends with this year's crop, and next year the support will undoubtedly drop. The potato growers themselves have asked to have the price level lowered, because they realize that they are getting the bad end of public opinion by overproducing this particular crop and then expecting the Government to take it off their hands.

Mr. President, the committee aimed at an average support price level of 75 percent, which means that the farmer's income should not go below 75 percent of parity.

To achieve this, the long-range portion of the new act provides that the basic commodities should be supported within the range of 60 to 90 percent of parity for each commodity. I refer to the basic commodities—just six of them.

The level of support will be determined largely by the supply of the commodity according to a formula provided for in the law. When a crop becomes in heavy surplus, the support level goes lower, in order to discourage further overproduction. As supplies become short, the support level rises, in order to encourage production of commodities in short supply.

The only exception to this formula is found in the case of tobacco which, as a result of an amendment adopted on the floor of the Senate, will be supported at 90 percent of parity to cooperators so long as marketing quotas remain in effect.

Irish potatoes, as I have mentioned, shall be supported at such a level between 60 and 90 percent of parity, as the Secretary of Agriculture may consider necessary to attain an adequate supply.

With regard to wool, in consideration of the growing shortage in the world's supply, the Secretary is directed to support the price of wool at a level which will encourage an annual production of approximately 360,000,000 pounds of shorn wool. This will likely mean a support level of 90 percent of parity for a few years at least. For the first time the wool grower can now look forward with the assurance that he will not be ruined in his effort to make the United States more nearly self-sustaining with respect to this strategic commodity.

The Secretary is authorized to support the price of nonbasic commodities at any level up to 90 percent of parity, taking

into consideration, first, the supply of the commodity in relation to the demand therefor; second, the price levels at which other commodities are being supported; third, the availability of funds; fourth, the perishability of the commodity; fifth, its importance to agriculture and the national economy; sixth, the ability to dispose of stocks acquired through a price-support operation; seventh, the need for offsetting temporary losses of export markets; and, eighth, the ability and willingness of producers to keep supplies in line with demand.

In other words, in supporting the price of potatoes or peaches or any other perishable commodity, the Secretary of Agriculture can require that culls be kept off the market. The reason for that is that in the past it has been reported that the Government has bought first-grade commodities, to keep them off the market and to support the price, and then those who have benefited by that procedure have dumped their culls on the market, in place of the others. That is a bad practice, and we think we have found a way to control it during the operation of this law.

The potato growers were particularly anxious to have placed in the bill greater controls over the marketing of commodities of inferior quality.

I wish to quote here from a statement I made on June 16 during consideration of Senate bill 2318, which will make clear the reason why the committee did not provide a fixed formula for the support of nonbasic commodities as well as for the basic commodities:

A question entered the minds of the committee as to whether we should designate certain crops which should be supported at from 60 to 90 percent of parity, as the basic commodities are to be supported under the requirements of the bill.

Then we realized that there were 151 farm commodities which were not basic. We did not know where to draw the line.

We expect that important commodities—and I include field peas, beans, potatoes, soybeans, barley, and oats—will be supported at the same rate as the basic commodities, which is 60 to 90 percent of parity.

But there are other nonbasic commodities, such as summer squash, which we would not want to support even at 10 percent of parity.

Then there are peppers and tomatoes.

Producers of various commodities have come to me suggesting that the commodity they produce should be supported.

They were mohair producers from Texas, honey producers from Iowa, Minnesota, and other States, and producers of hops.

We felt we had to leave such products to the discretion of the Secretary, but it is the belief of the committee that commodities which correspond closely to the Steagall commodities should be supported at a rate of from 60 to 90 percent of parity.

We believe that as a result of the adoption of a modernized parity formula, which will establish a proper relationship among agricultural commodities, and as a result of the setting up of a support price level which is tied to the supply, there can gradually be brought about a conversion of production from commodities which are in surplus to a greater production of commodities which are in short supply.

Operating normally, the Agricultural Act of 1948 will tend to encourage the marketing of grains, which promise to be in fairly heavy surplus in the not distant future, in the form of dairy products and meats, which are now in short supply.

An indirect but very important effect of encouraging the marketing of surplus grain in the form of meat, milk, and poultry, is that such a method of marketing will provide employment for many more people. When grain is marketed in the form of these products not only is a greater amount consumed, but more labor is required not only on the farm but in processing plants, merchandising establishments, and the services, besides providing the consumer with a higher standard of living.

In the event that all other means of holding down surpluses fail, the provision for quotas as provided in the Agricultural Act of 1948, is still retained but it is expected that quotas will be used only as a last resort in times of extreme depression or exceptionally large surpluses. Under the new law, quotas on grains may be voted when the total supply in the country reaches 120 percent of a normal supply as determined by formulas provided for in the act.

Quotas on cotton marketing may be proclaimed when the total supply reaches 108 percent of a normal supply.

Tobacco production, which has been under quotas for some years, will remain under the quota system until voted out by the producers themselves according to the provisions of the 1938 law, as amended by the 1948 act. Quotas on grains and cotton may also be voted when the average farm price does not exceed 66 percent of parity during three successive months of a marketing year.

It is believed that quotas will seldom be resorted to on grain because of the encouragement which the act provides for the marketing of grain in the form of meats, dairy, and poultry products. In the event that it is necessary to impose quotas on any crop, it would naturally follow that the farm income of the producers of such crop would drop because of the lower production permitted. Therefore, in order to make sure that farm income will not drop to unreasonably low levels, the Agricultural Act of 1948 provides that a 20-percent premium will be added to the support floor level whenever quotas are in force.

The law, however, does not permit support prices to exceed the 90 percent of parity level, except in the interest of national security. It is provided that whenever the Secretary of Agriculture determines, after a public hearing, that national security requires a support level greater than 90 percent of parity, he may prescribe such level as "is necessary in order to increase or maintain the production of any agricultural commodity in the interest of national security."

There is also an escape clause provided for in paragraph (F), section 201, which will permit the Secretary, after public hearings, to adjust the parity price of any commodity should it be found that the parity price of such commodity is

seriously out of line with other commodities. It is believed that this provision will seldom, if ever, need to be resorted to. The revision of the formula for determining parity prices will result in lowering the price of certain important commodities as much as from 10 percent to 20 percent below what they would be under the old parity formula or the one which is being used at present.

In order that such drop may not be too abrupt, the act provides that there shall be no reduction in 1 year greater than 5 percent of the old parity price during the transitional period. This provision will enable the producers of the surplus crops to convert to the production of other commodities over a reasonable period of time without incurring undue losses in the support level. Of course, after conversion from surplus production to the production of more needed commodities takes place, there will be a tendency for all agricultural commodities to find an equitable and comparable price level.

Some confusion has been created through printed articles criticizing the act for not providing the forward-pricing. The original bill before the Senate Agriculture Committee did not contemplate forward-pricing, but the act as passed by the Senate and agreed to by the House will permit forward-pricing of farm commodities.

Under the act, the Secretary can announce before planting time the minimum percentage level at which basic and nonbasic commodities will be supported. It is evident that critics of this provision of the bill have drawn their conclusions from the bill originally introduced rather than the act which was finally approved.

There has also been some criticism of the act by those who believe that it will force the Government extensively into the business of buying and selling farm commodities in supporting farm prices. These critics also have been drawing their conclusions from the bill which was introduced rather than the act itself. The act provides that the Secretary "is authorized to support prices of agricultural commodities to producers through loans, purchases, payments, and other operations."

This provision, authorizing the support of prices through payments, should go far in enabling the Secretary to keep out of the business of actually buying, taking title to, and selling farm commodities and thus hold to a minimum the amount of money necessary for the carrying out of the purposes of this act.

It was the intent of the Senate Agriculture Committee in writing the bill to encourage the handling of farm commodities through normal channels of trade to the maximum extent practicable. In fact, the committee believes that all means of securing markets for surpluses through the regular channels of trade should be exhausted before direct support should be resorted to. I quote from the last sentence of section 302 (a) of the act which reads:

The Secretary shall in all cases give consideration to the practicability of supporting

prices indirectly, as by the development of improved merchandising methods, rather than directly by purchase or loan.

The Secretary is authorized to support prices for both basic and nonbasic commodities through the Commodity Credit Corporation, but it is further provided:

The Commodity Credit Corporation shall not carry out any operation to support the price of any nonbasic agricultural commodity (other than Irish potatoes) which is so perishable in nature as not to be reasonably storable without excessive loss or excessive cost.

It is not intended that the Commodity Credit Corporation shall engage in the business of supporting commodity prices, where substantial losses may be expected. Any support operations of nonbasic commodities upon which losses may reasonably be expected are to be carried out by the Secretary through other means available to him, such as those provided by section 32, Public Law No. 320, Seventy-fourth Congress, and for this purpose the act provides that section 32 funds may accumulate to the extent of \$300,000,000.

The act also provides means by which the Commodity Credit Corporation may dispose of any commodities acquired by it for certain purposes and at such prices as are provided for in the act.

Such means of disposal are found in section 302 (a) (4) h, which I quote:

The Commodity Credit Corporation shall not sell any farm commodity owned or controlled by it at less than (1) a price determined on a pricing basis for its stocks of such commodity on hand, which makes due allowance for grade, type, quality, location, and other factors and which is reasonably calculated to reimburse it for costs incurred by it with respect to such stocks; (2) a price half-way between the support price, if any, and the parity price of such commodity; or (3) a price equivalent to 90 percent of the parity price of such commodity, whichever price is the lowest, except that the foregoing restrictions shall not apply to (A) sales for new or byproduct uses; (B) sales of peanuts for the extraction of oil; (C) sales for seed or feed if such sales will not substantially impair any price-support program; (D) sales of commodities which have substantially deteriorated in quality or of nonbasic perishable commodities where there is danger of loss or waste through spoilage; (E) sales for the purpose of establishing claims against persons who have committed fraud, misrepresentation, or other wrongful acts with respect to the commodity; (F) sales for export; (G) sales of wool; and (H) sales for other than primary uses.

It is believed that the disposal methods so prescribed will interfere with normal markets to a minimum degree if at all.

Mr. President, besides the Agricultural Act of 1948, the Eightieth Congress has enacted other legislation which will contribute greatly to the eventual completion of a sound program for agriculture.

Crop insurance will play a very important part in any complete program.

Unfortunately, the initial attempt at crop insurance authorized by the Congress in 1938 resulted in a loss of nearly a hundred million dollars, principally on cotton.

The Eightieth Congress has revised the Crop Insurance Act, putting it upon a sound experimental basis.

So far, the new program has proven workable and has operated without loss.

In a few years' time, we should know enough about crop insurance to broaden this program to a great degree.

The Eightieth Congress has also approved a new charter for the Commodity Credit Corporation, which gives permanent status to this important agency of Government, and with an authorization of \$100,000,000 in capital stock.

One of the most important acts of this Congress intended to promote a prosperous agriculture has been the authorization of \$800,000,000 in loans for rural electrification.

This is by far the largest authorization for this work given by any Congress.

At this rate, it will not be long before all farms in the United States, which can feasibly be provided with electric light and power, will have such light and power made available to them.

Large increases have also been made in appropriations for expanding a State-Federal secondary-road program.

Such an expansion in the farm-to-market highway program, which is five times as large as that appropriated for in any previous year, will greatly benefit both the farmers and consumers.

The Bankhead-Jones Farm Tenant Act was amended in June 1948 with the expectation that greater impetus will be given to the ownership of farms by those who now occupy them as tenants.

Many other laws of lesser importance have been enacted in the interest of a prosperous agriculture.

Our work is not done, however, but we have made remarkable strides in the right direction.

We still have before us further consideration of a general land-use policy and soil-improvement program.

The organization of the United States Department of Agriculture requires further examination in the interest of economical and efficient operation.

A competent committee of the Hoover Commission is now engaged in making such study and will undoubtedly have valuable recommendations to make to the Eighty-first Congress.

The entire farm credit structure should be thoroughly reviewed with a view to providing adequate agricultural credit efficiently and at the least cost.

We have the problem of getting food from the farm to the consumers, particularly low-income consumers, at more reasonable cost and by equitable distribution with the least possible disturbance to the normal channels of trade.

The study of American agriculture is and should be a never-ending process, but I state unequivocally—and the record bears me out—that the Eightieth Congress has made remarkable progress toward a more productive and prosperous agriculture.

Mr. TAFT obtained the floor.

Mr. WATKINS. Mr. President, will the Senator yield?

Mr. TAFT. I yield for a brief statement.

MAW ATTACK ON DEWEY WILL HAVE LITTLE EFFECT

Mr. WATKINS. Mr. President, recently, attention has been focused upon statements alleged to have been made by Governor Dewey, the Republican candidate for the Presidency of the United States, relative to a school teachers' lobby.

The Democratic National Committee has issued statements by two New Deal governors, Governor Gruening, of Alaska, who is there by appointment of a Democratic President, and Governor Maw, of Utah.

The intent unquestionably was to turn the teachers of the United States against the Republican candidate. Governors Maw and Gruening are the committee's star witnesses. They were brought in to offset the Dewey denial.

The attempt of the Governor of my State, Herbert B. Maw, to picture Governor Dewey of New York as the enemy of the school teacher, through giving out what Mr. Maw claims were the remarks of Governor Dewey at a governors' conference held recently, has not been generally accepted at face value. His statement has been discussed by the famous veteran political writer, Gould Lincoln, in a feature article appearing in a recent issue of the Washington Star, an independent newspaper. Said Mr. Lincoln:

Even for election year midsummer politics this is on the childish side. Governor Dewey is the Republican nominee for President, otherwise neither Governor Maw nor the Democratic committee would have thought up such a charge. The school teachers of New York are better paid than the teachers in any other State of the Union or anywhere else in the world. The present salaries of the teachers are the results of increases given during Mr. Dewey's 6-year tenure of office as governor.

The Maw charge grows out of a desire to make political use of the antagonism of some of the more radical school teachers for Mr. Dewey because the New York Governor sponsored the Condon-Wadlin law enacted by the New York Legislature and approved by Governor Dewey which prohibits strikes by public employees. This was passed when public-school teachers in Buffalo were on strike.

It is not clear whether Governor Maw and the Democratic National Committee are in favor of permitting strikes by public employees, including school teachers. Perhaps it would help to clear the air if they would individually or collectively make a statement on that question.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. WATKINS. I yield to the Senator from Ohio.

Mr. TAFT. The Senator knows, of course, that in the Taft-Hartley law there is a prohibition against striking by any Government employee. That law was voted for by a majority of the Democrats in the Senate. The same provision has been contained in a number of appropriation bills which have been approved by all the Democrats in the Senate. So that Governor Maw's position seems to be somewhat different from that of most of the Democrats in the Senate, at any rate.

Mr. WATKINS. I thank the Senator for calling that fact to my attention.

I regret that the Governor of my State has brought himself into this controversy. It is not a pleasant thing to call to the attention of the people of the United States outside of Utah who may be fooled by what he has said, several facts in connection with the Governor.

In Utah he is regarded as a "coat-tail" governor, a governor who came into power in two elections on the coat-tails of Franklin D. Roosevelt. At each election Governor Maw ran from 48,000 to 50,000 votes behind his ticket—only getting by by narrow margins. This was generally regarded as a repudiation by thousands of Democrats who knew his record while he was a member of the State Legislature of Utah.

As far as Utah voters are concerned, no serious attention need be paid to what Governor Maw has said about Governor Dewey. It will not hurt Governor Dewey's chances in that State at all.

To the rest of the country it should be said that Governor Maw is the same person who made the charge that the Republican Congress was squeezing the lifeblood out of reclamation in the West and that it was destroying this program. It will be remembered that he said this in spite of the fact that the Eightieth Congress has made larger appropriations for both water and power development in the West than any other Congress in the history of the United States. The Republican record cannot be successfully challenged.

Governor Maw will also be remembered for making ultraconservative speeches at governors' conferences held outside Utah, while at home he so conducted himself that he became, and still is, the darling of radical New Dealers.

The article written by Mr. Lincoln is very interesting and instructive. I believe it is of sufficient interest that all Members of the Congress should have an opportunity to read it. I therefore request Mr. President, that the entire article be printed in the body of the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

ATTACK ON DEWEY AS FOE OF TEACHERS IS CHILDISH—CAPITAL MADE OF BAN ON STRIKES BY NEW YORK PUBLIC EMPLOYEES
(By Gould Lincoln)

Utah's Governor Maw, through the Democratic National Committee, or vice versa, is undertaking to picture Governor Dewey of New York as the enemy of school teachers.

Even for election year midsummer politics this is on the childish side. Governor Dewey is the Republican nominee for President, otherwise neither Governor Maw nor the Democratic committee would have thought up such a charge. The school teachers of New York are better paid than the teachers in any other State of the Union or anywhere in the world. The present salaries of the teachers are the results of increases given during Mr. Dewey's 6-year tenure of office as Governor.

The Maw charge grows out of a desire to make political use of the antagonism of some of the more radical school teachers for Mr. Dewey because the New York Governor sponsored the Condon-Wadlin law enacted by the New York Legislature and approved by Governor Dewey which prohibits strikes by public employees. This was passed when public school teachers in Buffalo were on strike.

AIR SHOULD BE CLEARED

It is not clear whether Governor Maw and the Democratic National Committee are in favor of permitting strikes by public employees, including school teachers. Perhaps it would help to clear the air if they would individually or collectively make a statement on that question.

The Democratic administration, which has ruled in Washington for nearly 16 years, has been opposed to strikes by Government employees and properly so. President Truman, Governor Dewey's opponent in the Presidential race this year, has no use either for strikes by employees of those privately owned agencies which vitally affect the life of the American people. Indeed, Mr. Truman went so far as to ask of Congress legislation permitting him to draft railroad workers into the armed services so as to give him absolute power to keep them at work when a railroad strike was ordered.

It is a strange move now for the Democratic national organization to seek to indict Governor Dewey for being opposed to strikes by school teachers and other employees of the State. Governor Dewey, as a matter of fact, has an excellent record as Governor in his dealings with and attitude toward organized labor.

EWING HIT IN CHARGE

While this fantastic charge of unfriendliness to school teachers is laid against Governor Dewey, the Truman administration is accused by John W. Studebaker, for years United States Commissioner of Education, of preventing the Office of Education from "exposing the tactics and dangers of communism" in public and other schools. Mr. Studebaker complains that censorship was imposed on him and the Office of Education by Oscar Ewing, Federal Security Administrator, and also an officer of the Democratic National Committee. Mr. Ewing was a strong supporter of the nomination of President Truman and wanted to be his running mate.

Mr. Studebaker protested vigorously against this censorship. More recently he sent copies of a letter in which he made these charges against Mr. Ewing to members of the House and Senate Appropriations Committees. It was only on July 15 that Mr. Studebaker retired as Commissioner of Education. He charged that efforts were being made to soft-pedal the teaching of anti-communism in the schools.

The Office of Education is a part of the Federal Security Administration. If Mr. Studebaker's charges are true, it is another indication that the Democrats are playing up to the "Pinks" if not the Reds.

AMENDMENT OF THE NATIONAL HOUSING ACT

The Senate resumed the consideration of the bill (H. R. 6959) to amend the National Housing Act, as amended, and for other purposes.

Mr. TAFT. Mr. President, I do not intend to do more than state very briefly the present situation with respect to housing.

There are two bills before us, both substitutes for the House bill. I think that undoubtedly the debate on the subject will last some time, and Senators will wish to consider the bill so that they may understand exactly what the issues are. Therefore I shall not press for a vote this evening. When the Senate recesses, perhaps at 6 or 7 o'clock, it will recess until 11 o'clock tomorrow morning. I hope that we may reach a vote on the housing question as early as possible tomorrow.

Mr. President, the general situation is that the House passed a bill before the recess in June, House bill 6959. That bill

was referred to the Senate Committee on Banking and Currency.

The subcommittee of that committee prepared a bill, which appears in the so-called committee print which is before the Senate, and which I think Senators will find on their desks. That bill incorporates various portions of Senate bill 866, which was passed by the Senate and ignored by the House. I think it contains one or two provisions of H. R. 6959, and contains one or two additional measures which have come up attempting in general to straighten out difficulties which have arisen in the housing situation. I shall speak somewhat more at length on the bill a little later.

The Senate Committee on Banking and Currency, however, rejected the subcommittee report, and by a vote of 7 to 5, I think it was, and substituted instead the original Senate bill 866 as it passed the Senate. So that the Senate now has before it H. R. 6959, with a committee amendment striking out all after the enacting clause and inserting S. 866. It is my understanding the Senator from Wisconsin (Mr. McCARTHY) will offer the subcommittee substitute which appears in the committee print, and the main issue in the Senate therefore will be between S. 866 as recommended by the committee as a substitute, and the subcommittee substitute.

The principal difference lies in the fact that the subcommittee substitute does not include any low-rent subsidized housing, nor does it include the urban redevelopment. Those are the main differences between the bills.

I merely desired to state the situation. I shall deal later with what is in the bills.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. LUCAS. I should like to propound one question. Is the bill which has now been reported by the Committee on Banking and Currency in the identical language of the Taft-Ellender-Wagner bill which was passed in the last days of the last session?

Mr. TAFT. I think there are some minor differences. For instance, the paraplegic section has already been passed in a different bill, and I think there are one or two other changes.

Mr. TOBEY. There is no salient change at all.

Mr. LUCAS. No important changes?

Mr. TAFT. No.

Mr. FLANDERS. Mr. President, I think I can answer rather more specifically the question asked by the Senator from Illinois. We eliminated section 603, which is the most inflationary provision in the T-E-W bill. Title II of FHA has demonstrated such strength that the inflationary 603 referring to poor-family housing is not required. We have also made certain corrections in the secondary mortgage-market provision, commonly known as the Jenner bill, passed on the last day of the regular session to replace title II of the T-E-W bill. I will say that the Jenner bill has met with administrative difficulties, and the changes we have made are changes which were suggested by the subcommittee in the subcommittee bill.

As stated, we also eliminated title VIII of the T-E-W bill, the paraplegic provision.

Mr. MCCARTHY obtained the floor.

Mr. TOBEY. Mr. President—

Mr. MCCARTHY. I yield to the Senator from New Hampshire.

Mr. TOBEY. I thank the Senator for his courtesy.

Mr. President, there is an admonition of the Scriptures to avoid vain repetitions. The action contemplated by taking a vote this afternoon is in my judgment another vain repetition. Here on my desk is paper, here are books, here are pamphlets, here are hearings, here is evidence, coming down through the years, 3 or 4 years, and embodied in these and many more I could bring here are countless and endless data and voluminous testimony on housing.

The Senate took these data to heart and twice passed a bill favoring the issues which are deleted from the housing bill by the substitute of the distinguished Senator from Wisconsin. So the Taft-Ellender-Wagner bill, as handled by the special committee, came in devoid of the two salients, namely, public housing and slum clearance, and those of us who from conviction believe that this Nation needs public housing and slum clearance to make a start in this great improvement in human affairs, stand solidly against the substitution.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. TOBEY. I yield.

Mr. SPARKMAN. I should like to call the Senator's attention to another very important provision left out of the substitute, that is, the one relating to rural housing.

Mr. TOBEY. I was just coming to that. That was considered on the floor of the Senate and adopted by the Senate last spring.

Here is the issue, Mr. President. We are going to vote today or tomorrow on whether, under the aegis of the Senator from Wisconsin, we shall strike from the housing bill provisions for public housing, slum clearance and urban rehabilitation. I think the issue is perfectly clear. I believe that the vote was 49 to 33 the last time the question was voted on, in April or May, when the Senate repudiated the effort to strike out public housing. We have taken our stand. Now gentlemen come to us and say, "If you pass this bill you will have no public housing."

Mr. President, I do not like ultimatums, and never did. They sometimes breed war. But I accept that challenge, wherever it comes from, that "if you pass this bill with public housing and slum clearance in it, which twice was passed, you are not going to get any housing legislation." But Mr. President, whoever is saying this may be playing poker. Let us find out who is controlling the interests of humanity in this country. Where has government of the people, for the people, and by the people gone if one man, the head of a powerful committee of one branch of Congress, may say, "We will not let the people's representatives vote on public housing, slum clearance, and urban rehabilitation"? That is the essence of the matter before us, and

that is the issue. On that issue I accept the challenge. And I will see those from whence that challenge comes—well, Senators know where—in any part of the Capitol, any time. [Laughter.]

Now ladies and gentlemen in the galleries, and the public at large, and the Congress, let me say that there is just one duty on us this afternoon: That is to back up the Taft-Ellender-Wagner bill; repudiate any substitution for it, and carry it through, as we are all pledged to do, both great parties having pledged themselves to it, having expressed their deep interest in public housing for the common people of the country, and let us give homes to people who are underprivileged, so they can say, "It is a good land after all. Thank God for the privilege of living in America where home life is placed over everything else."

As Calvin Coolidge, when he was at the other end of the Avenue, so well said:

Look well to the hearths of America. There all hope for our safety lies. If anything happens to the hearthstones, to the homes, the roofs over the people's heads, and if there will not be decent living there and an era of good feeling and contentment, look out for your country, my friends.

I believe it not only ought to be a matter of politics with us, but a principle of our religion.

Some 2,000 years ago it was said:

Bear ye one another's burdens, and so fulfill the law of Christ.

He, Paul, also said:

We then that are strong ought to bear the infirmities of the weak, and not to please ourselves.

Is that not so? If anyone thinks it is not so there is something wrong with him. And, Mr. President, there is something wrong with any group or with any party that is not moved by those words.

We are here only 60 or 70 years, and then for us there will be no tomorrow on earth. Let it be said of the Eightieth Congress in this brief session: "They measured up to a great trust, they kept faith with the common people; they carried through consistently what they have done twice before."

A bas! Get out with your substitutes! We stand by the great principles of humanity, adequate public housing and slum clearance.

Mr. LUCAS. Mr. President, before the Senator from New Hampshire takes his seat will he yield to me?

Mr. TOBEY. I yield.

Mr. LUCAS. Is there anything that has occurred since the Senate adjourned that should change the vote of anyone who voted for this bill during the last session of Congress?

Mr. TOBEY. By no stretch of the imagination could I conceive of anything.

Mr. LUCAS. The Senator, of course, has followed this matter very closely, and I was wondering whether or not he believed there was anything in the question of economy or politics or anything of that kind which would create any different vote from what we had here in the closing days of the second session of the Eightieth Congress.

Mr. TOBEY. The answer is "No." I may say to the Senator, while I am on my feet, that in my 15 years in both branches of Congress I have never seen any measure which had such a broad, bipartisan approach and support as there has been to this housing measure on the floor of the Senate of the United States. The record will show that.

Mr. LUCAS. Mr. President, I am glad the Senator from New Hampshire accepts the challenge of one individual in the Congress who has prohibited the representatives of the people from voting their convictions one way or the other upon what seems to me to be one of the most vital questions that face the American people today.

Mr. DWORSHAK. Mr. President, will the Senator from Wisconsin yield to me so I may suggest the absence of a quorum?

Mr. MCCARTHY. I am glad to yield for that purpose.

Mr. DWORSHAK. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Alken	Hatch	Murray
Baldwin	Hawkes	Myers
Ball	Hayden	O'Connor
Barkley	Hickenlooper	O'Mahoney
Brewster	Hill	Pepper
Bricker	Hoey	Reed
Bridges	Holland	Revercomb
Brooks	Ives	Robertson, Va.
Buck	Jenner	Robertson, Wyo.
Butler	Johnson, Colo.	Russell
Byrd	Johnston, S. C.	Saltostall
Cain	Kem	Smith
Capehart	Kilgore	Sparkman
Capper	Knowland	Stennis
Connally	Langer	Taft
Cooper	Lodge	Taylor
Cordon	Lucas	Thomas, Okla.
Donnell	McCarthy	Thomas, Utah
Downey	McClellan	Thye
Dworshak	McFarland	Tobey
Eastland	McGrath	Tydings
Eaton	McKellar	Umstead
Ellender	McMahon	Vandenberg
Feazel	Magnuson	Watkins
Ferguson	Malone	Wherry
Flanders	Martin	Wiley
Fulbright	Millikin	Williams
Green	Moore	Wilson
Gurney	Morse	Young

The PRESIDING OFFICER. Eighty-seven Senators have answered to their names. A quorum is present.

Mr. MCCARTHY. Mr. President, I send to the desk two amendments, one labeled A and one labeled B. I should now like to call up amendment A and ask for its immediate consideration. In view of the length of the amendment, I ask unanimous consent that its reading be waived, and that it be printed in the RECORD. Senators will find the amendment on their desks in the committee print of House bill 6959, beginning on page 55 and continuing through page 94.

Before proceeding with this method of calling up the amendments, I should like to invite the attention of the Senator from New Hampshire [Mr. TOBEY] and the Senator from Vermont [Mr. FLANDERS] to the fact that, as they know, there are various ways in which we can get a vote between the two bills at this time. I believe that the clearest way is by calling up my amendments, as perfecting amendments to the House bill,

as I propose to do unless there is objection on their part, so as first to perfect the House bill, and then let the Senator from Vermont make his motion to substitute the Taft-Ellender-Wagner bill.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Wisconsin?

Mr. FLANDERS. Mr. President, I am not clear as to the parliamentary procedure suggested. By unanimous consent the "measure"—or whatever term it was decided the other day to use—before the Senate, I understand to be the housing bill, as reported, which is House bill 6959, with a somewhat modified Taft-Ellender-Wagner bill as an amendment, in a measure of substitution. Just what status does the proposal made by the junior Senator from Wisconsin have?

Mr. McCARTHY. May I give the Senator the picture?

Mr. FLANDERS. I am making a parliamentary inquiry.

Mr. WHERRY. Is there objection to the unanimous consent request made by the Senator from Wisconsin?

Mr. LUCAS. Mr. President, reserving the right to object—

Mr. WHERRY. Is the Senator from Vermont reserving the right to object?

Mr. FLANDERS. I am inquiring as to the parliamentary situation, to find out whether or not such a course is feasible. I am directing the question to the Chair.

Mr. McCARTHY. Mr. President, I merely asked for consent to print the amendment in the RECORD and waive its reading, because of the length of the amendment, and because Senators have the amendment on their desks.

Mr. FLANDERS. As I understand, that has been agreed to.

Mr. McCARTHY. I am calling up a perfecting amendment to the House bill, House bill 6959, at this time. As I stated, I do not feel strongly about handling it in this manner. If the Senator from Vermont has any serious objection, I should be glad to consider it. By following this procedure, which, of course, I have the right to follow, we can perfect the House bill by offering two amendments.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. McCARTHY. I yield.

Mr. TAFT. I suggest that the Senator offer a substitute for the committee substitute. It seems to me that then the issue would be clear.

Mr. McCARTHY. The reason I have not done so is that a number of Senators feel that they would be obliged to offer perfecting amendments to the committee substitute.

Mr. TAFT. That is all right.

Mr. McCARTHY. A great deal of time would be wasted by so doing. I think we shall have a much clearer issue if we first offer our subcommittee bill in this fashion, as a substitute for the House bill. The only way I can do that—

Mr. ROBERTSON of Virginia. Mr. President, will the Senator yield to me?

Mr. McCARTHY. Let me finish. The only way I can do that, I think, is to offer it in the form of perfecting amendments. I have split the bill into two amendments. That will give us precedence in voting. As I say, I do not feel strongly about it.

A number of Senators have told me that they would like to dispose of this issue first.

Mr. ROBERTSON of Virginia. Mr. President, I very much fear that the Senator from Wisconsin is going to get us into an interminable parliamentary tangle. I am very much in favor of the revised Taft bill which the Senator wishes to offer as a substitute for what the committee actually reported.

There is only one clear, safe procedure to follow. First we have a House bill, and then we have a committee amendment to the House bill. Unless the Senator from Wisconsin offers a complete substitute for the committee amendment, there will be confusion about the voting, and we shall wind up with a futility. I beg the Senator from Wisconsin not to follow the procedure which he has indicated, by offering a number of separate perfecting amendments. Let us do the job with one amendment. The Senator has the entire bill before him. We discussed it in committee. The Senator knows what members of the committee are with him, and we know what is in that bill. I beg the Senator to proceed with the substitute, and have a clear-cut test, because in essence the bill which I want the Senator to offer as a substitute eliminates the public housing and redevelopment features of the original Taft-Ellender-Wagner bill. The remainder is a revision of the Taft-Ellender-Wagner bill which the distinguished Senator from Ohio told us this morning was in his opinion an improvement over the original bill.

Mr. TAFT. Mr. President, I did not say that. Later I shall make plain what I said.

Mr. ROBERTSON of Virginia. We know that there are many good features in the bill which the Senator from Wisconsin is sponsoring, and which I am prepared to support; but unless he offers it as a substitute, we shall be in a parliamentary tangle, and we shall not know whether we are going or coming, by the time we act on a number of different amendments, and have the question raised as to amendments in the second degree and amendments in the third degree. Something we want may be ruled out as an amendment too far removed.

Mr. McCARTHY. Mr. President, I am glad to have the suggestion of the Senator from Ohio and the suggestion of the Senator from Virginia. I believe those suggestions are well taken. For that reason, Mr. President, I now offer amendments A and B as one amendment, as a substitute amendment, not for the original House bill 6959, but as a substitute for the substitute amendment offered by the Senator from Vermont [Mr. FLANDERS].

The amendment offered by Mr. McCARTHY is as follows:

Be it enacted, etc., That this act be cited as the "Housing Act of 1948."

TITLE I—FHA TITLE VI AND TRANSITIONAL PERIOD AMENDMENTS

SEC. 101. The National Housing Act, as amended, is hereby amended as follows:

TITLE VI AMENDMENTS

(a) Section 603 (a) is amended—
(1) By striking out "\$5,350,000,000" and inserting in lieu thereof "\$5,750,000,000 except that with the approval of the President

such aggregate amount may be increased to not to exceed \$6,150,000,000";

(2) By striking out the second proviso and inserting in lieu thereof the following: "Provided further, That no mortgage shall be insured under section 603 of this title after April 30, 1948, except (A) pursuant to a commitment to insure issued on or before April 30, 1948, or (B) a mortgage given to refinance an existing mortgage insured under section 603 of this title and which does not exceed the original principal amount and unexpired term of such existing mortgage, and no mortgage shall be insured under section 608 of this title after March 31, 1949, except (i) pursuant to a commitment to insure issued on or before March 31, 1949, or (ii) a mortgage given to refinance an existing mortgage insured under section 608 of this title and which does not exceed the original principal amount and unexpired term of such existing mortgage: *Provided further*, That no mortgage shall be insured under section 608 of this title unless the mortgagor certifies under oath that in selecting tenants for the property covered by the mortgage he will not discriminate against any family by reason of the fact that there are children in the family, and that he will not sell the property while the insurance is in effect unless the purchaser so certifies, such certifications to be filed with the Administrator; and violation of any such certification shall be a misdemeanor punishable by a fine of not to exceed \$500.";

(b) Section 608 (b) (3) (B) is amended by striking out the semicolon and the word "and" at the end of the first proviso and inserting in lieu thereof a colon and the following: "And provided further, That the principal obligation of the mortgage shall not, in any event, exceed 90 percent of the Administrator's estimate of the replacement cost of the property or project on the basis of the costs prevailing on December 31, 1947, for properties or projects of comparable quality in the locality where such property or project is to be located; and".

(c) Section 608 (b) (3) (C) is amended—
(1) By striking out "\$1,500 per room" and inserting in lieu thereof "\$8,100 per family unit"; and

(2) By striking out the colon and the proviso and inserting in lieu thereof a period.

(d) Section 609 is amended—

(1) By striking out all of paragraph (1) of subsection (b) and inserting in lieu thereof the following:

"(1) The manufacturer shall establish that binding purchase contracts have been executed satisfactory to the Administrator providing for the purchase and delivery of the houses to be manufactured, which contracts shall provide for the payment of the purchase price at such time as may be agreed to by the parties thereto, but, in no event, shall the purchase price be payable on a date in excess of 30 days after the date of delivery of such houses, unless not less than 20 percent of such purchase price is paid on or before the date of delivery and the lender has accepted and discounted or has agreed to accept and discount, pursuant to subsection (1) of this section a promissory note or notes, executed by the purchaser, representing the unpaid portion of such purchase price, in which event such unpaid portion of the purchase price may be payable on a date not in excess of 180 days from the date of delivery of such houses;"

(2) By striking out the first and second sentences of paragraph (4) of subsection (b) and inserting in lieu thereof the following:

"The loan shall involve a principal obligation in an amount not to exceed 90 percent of the amount which the Administrator estimates will be the necessary current cost, exclusive of profit, of manufacturing the houses, which are the subject of such purchase contracts assigned to secure the loan, less any sums paid by the purchaser under said purchase contracts prior to the assignment thereof. The loan shall be secured by

an assignment of the aforesaid purchase contracts and of all sums payable thereunder on or after the date of such assignment, with the right in the assignee to proceed against such security in case of default as provided in the assignment, which assignment shall be in such form and contain such terms and conditions, as may be prescribed by the Administrator; and the Administrator may require such other agreements and undertakings to further secure the loan as he may determine, including the right, in case of default or at any time necessary to protect the lender, to compel delivery to the lender of any houses then owned and in the possession of the borrower."

(3) By adding at the end of subsection (f) the following new sentence: "The provisions of section 603 (d) shall also be applicable to loans insured under this section and the reference in said section 603 (d) to a mortgage shall be construed to include a loan or loans with respect to which a contract of insurance is issued pursuant to this section."

(4) By adding at the end thereof the following new subsection:

"(1) (1) In addition to the insurance of the principal loan to finance the manufacture of housing, as provided in this section, and in order to provide short-term financing in the sale of houses to be delivered pursuant to the purchase contract or contracts assigned as security for such principal loan, the Administrator is authorized, under such terms and conditions and subject to such limitations as he may prescribe, to insure the lender against any losses it may sustain resulting from the acceptance and discount of a promissory note or notes executed by a purchaser of any such houses representing an unpaid portion of the purchase price of any such houses. No such promissory note or notes accepted and discounted by the lender pursuant to this subsection shall involve a principal obligation in excess of 80 percent of the purchase price of the manufactured house or houses; have a maturity in excess of 180 days from the date of the note or bear interest in excess of 4 percent per annum; nor may the principal amount of such promissory notes, with respect to any individual principal loan, outstanding and unpaid at any one time, exceed in the aggregate an amount prescribed by the Administrator.

"(2) The Administrator is authorized to include in any contract of insurance executed by him with respect to the insurance of a loan to finance the manufacture of houses, provisions to effectuate the insurance against any such losses under this subsection.

"(3) The failure of the purchaser to make any payment due under or provided to be paid by the terms of any note or notes executed by the purchaser and accepted and discounted by the lender under the provisions of this subsection, shall be considered as a default under this subsection, and if such default continues for a period of 30 days, the lender shall be entitled to receive the benefits of the insurance, as provided in subsection (d) of this section except that debentures issued pursuant to this subsection shall have a face value equal to the unpaid principal balance of the loan plus interest at the rate of 4 percent per annum from the date of default to the date the application is filed for the insurance benefits.

"(4) Debentures issued with respect to the insurance granted under this subsection shall be issued in accordance with the provisions of section 604 (d) except that such debentures shall be dated as of the date application is filed for the insurance benefits and shall bear interest from such date.

"(5) The Administrator is authorized to fix a premium charge for the insurance granted under this subsection, in addition to the premium charge authorized under subsection (h) of this section. Such premium charge shall not exceed an amount equivalent to 1 percent of the original prin-

cipal of such promissory note or notes and shall be paid at such time and in such manner as may be prescribed by the Administrator."

(e) Section 610 is amended by adding at the end thereof the following new paragraph:

"The Administrator is further authorized to insure or to make commitments to insure in accordance with the provisions of this section any mortgage executed in connection with the sale by the Government, or any agency or official thereof, of any of the so-called Greenbelt towns, or parts thereof, including projects, or parts thereof, known as Greenhills, Ohio; Greenbelt, Md.; and Greendale, Wis., developed under the Emergency Relief Appropriation Act of 1935, or of any of the village properties under the jurisdiction of the Tennessee Valley Authority, and any mortgage executed in connection with the first resale, within 2 years from the date of its acquisition from the Government, of any portion of a project or property which is the security for a mortgage insured pursuant to the provisions of this section."

(f) Title VI is amended by adding after section 610 the following new section:

"Sec. 611. (a) In addition to mortgages insured under other sections of this title, and in order to assist and encourage the application of cost-reduction techniques through large-scale modernized site construction of housing and the erection of houses produced by modern industrial processes, the Administrator is authorized to insure mortgages (including advances on such mortgages during construction) which are eligible for insurance as hereinafter provided.

"(b) To be eligible for insurance under this section, a mortgage shall—

"(1) have been made to and be held by a mortgagee approved by the Administrator as responsible and able to service the mortgage properly;

"(2) cover property, held by a mortgagor approved by the Administrator, upon which there is to be constructed or erected dwelling units for not less than 25 families consisting of a group of single-family dwellings approved by the Administrator for mortgage insurance prior to the beginning of construction: *Provided*, That during the course of construction there may be located upon the mortgaged property a plant for the fabrication or storage of such dwellings or sections or parts thereof, and the Administrator may consent to the removal or release of such plant from the lien of the mortgage upon such terms and conditions as he may approve;

"(3) involve a principal obligation in an amount—

"(A) not to exceed 80 percent of the amount which the Administrator estimates will be the value of the completed property or project, exclusive of any plant of the character described in paragraph (2) of this subsection located thereon, and

"(B) not to exceed a sum computed on the individual dwellings comprising the total project as follows: \$6,000 or 80 percent of the valuation, whichever is less, with respect to each single-family dwelling.

"With respect to the insurance of advances during construction, the Administrator is authorized to approve advances by the mortgagee to cover the cost of materials delivered upon the mortgaged property and labor performed in the fabrication or erection thereof;

"(4) provide for complete amortization by periodic payments within such term as the Administrator shall prescribe and shall bear interest (exclusive of premium charges for insurance) at not to exceed 4 percent per annum on the amount of the principal obligation outstanding at any time: *Provided*, That the Administrator, with the approval of the Secretary of the Treasury, may prescribe by regulation a higher maximum rate of interest, not exceeding 4½ percent per annum on the amount of the principal obligation outstanding at any time, if he finds that the

mortgage market demands it. The Administrator may consent to the release of a part or parts of the mortgaged property from the lien of the mortgage upon such terms and conditions as he may prescribe and the mortgage may provide for such release.

"(c) Preference or priority of opportunity in the occupancy of the mortgaged property for veterans of World War II and their immediate families and for hardship cases as defined by the Administrator shall be provided under such regulations and procedures as may be prescribed by the Administrator.

"(d) The provisions of subsections (c), (d), (e), and (f) of section 608 shall be applicable to mortgages insured under this section."

TITLE II AMENDMENTS

(g) Section 203 (b) (2) (B) is amended by striking out "\$5,400" and inserting in lieu thereof "\$6,300."

(h) Section 203 (b) (2) (C) is amended—
(1) By striking out "\$8,600" and inserting in lieu thereof "\$9,500";

(2) By striking out "\$5,000" in each place where it appears and inserting in lieu thereof "\$7,000";

(3) By striking out "\$10,000" and inserting in lieu thereof "\$11,000."

(i) Section 203 (b) is amended by striking out in paragraph numbered (3) the following: "of the character described in paragraph (2) (B) of this subsection" and inserting in lieu thereof the following: "on property approved for insurance prior to the beginning of construction."

(j) Section 203 (b) is amended as follows:

(1) By striking out the period at the end of paragraph (2) (C), inserting in lieu thereof a comma and the word "or", and adding the following new paragraph:

"(D) not to exceed \$6,000 and not to exceed 90 percent of the appraised value, as of the date the mortgage is accepted for insurance (or 95 percent if, in the determination of the Administrator, insurance of mortgages involving a principal obligation in such amount under this paragraph would not reasonably be expected to contribute to substantial increases in costs and prices of housing facilities for families of moderate income), of a property, urban, suburban, or rural, upon which there is located a dwelling designed principally for a single-family residence which is approved for mortgage insurance prior to the beginning of construction: *Provided*, That the Administrator may by regulation provide that the principal obligation of any mortgage eligible for insurance under this paragraph shall be fixed at a lesser amount than \$6,000 where he finds that for any section of the country or at any time a lower-cost dwelling for families of lower income is feasible without sacrifice of sound standards of construction, design, and livability: *And provided further*, That with respect to mortgages insured under this paragraph the mortgagor shall be the owner and occupant of the property at the time of the insurance and shall have paid on account of the property at least 10 percent (or 5 percent, in the case of a 95 percent mortgage insured pursuant to this paragraph (D)) of the appraised value in cash or its equivalent, or shall be the builder constructing the dwelling in which case the principal obligation shall not exceed 85 percent of the appraised value of the property."

(2) By striking out the period at the end of paragraph numbered (3), and adding a comma and the following: "or not to exceed 30 years in the case of a mortgage insured under paragraph (2) (D) of this subsection."

(3) By striking out the period at the end of paragraph numbered (5), and adding a comma and the following: "or not to exceed 4 percent per annum in the case of a mortgage insured under paragraph (2) (D) of this subsection."

(k) (1) Section 203 (c) is amended (1) by striking out in the last sentence the words "section or section 210" and inserting in lieu

thereof the word "title"; and (2) by striking out in said sentence the words "under this section."

(2) Sections 203 (c) and 603 (c) of such act are amended by striking out in the last sentence and in the next to the last sentence, respectively, the following: "and a mortgage on the same property is accepted for insurance at the time of such payment,".

(1) Section 204 (a) is amended—

(1) By striking out, in the last sentence, the following: "prior to July 1, 1944,";

(2) By inserting between the first and second provisos in the last sentence the following: "And provided further, That with respect to mortgages which are accepted for insurance under section 203 (b) (2) (D) or under the second proviso of section 207 (c) (2) of this act, there may be included in the debentures issued by the Administrator on account of the cost of foreclosure (or of acquiring the property by other means) actually paid by the mortgagee and approved by the Administrator an amount, not in excess of two-thirds of such cost or \$75 whichever is the greater:".

(m) Section 207 (b) is amended by amending paragraph numbered (1) to read as follows:

"(1) Federal or State instrumentalities, municipal corporate instrumentalities of one or more States, or limited dividend or redevelopment or housing corporations restricted by Federal or State laws or regulations of State banking or insurance departments as to rents, charges, capital structure, rate of return, or methods of operation; or."

(n) Section 207 (c) is amended—

(1) By amending the first sentence to read as follows:

"(c) To be eligible for insurance under this section a mortgage on any property or project shall involve a principal obligation in an amount—

"(1) not to exceed \$5,000,000, or, if executed by a mortgagor coming within the provisions of paragraph No. (b) (1) of this section, not to exceed \$500,000,000;

"(2) not to exceed 80 percent of the amount which the Administrator estimates will be the value of the property or project when the proposed improvements are completed, including the land; the proposed physical improvements; utilities within the boundaries of the property or project; architects' fees; taxes and interest accruing during construction; and other miscellaneous charges incident to construction and approved by the Administrator: *Provided*, That, except with respect to a mortgage executed by a mortgagor coming within the provisions of paragraph No. (b) (1) of this section, such mortgage shall not exceed the amount which the Administrator estimates will be the cost of the completed physical improvements on the property or project, exclusive of public utilities and streets and organization and legal expenses: *And provided further*, That, notwithstanding any of the provisions of this paragraph No. (2), a mortgage with respect to a project to be constructed in a locality or metropolitan area where, as determined by the Administrator, there is a need for new dwellings for families of lower income at rentals comparable to the rentals proposed to be charged for the dwellings in such project (or, in the case of a mortgage with respect to a project of a nonprofit cooperative ownership housing corporation the permanent occupancy of the dwellings of which is restricted to members of such corporation, or a project constructed by a nonprofit corporation organized for the purpose of construction of homes for members of the corporation, at prices, costs, or charges comparable to the prices, costs, or charges proposed to be charged such members) may involve a principal obligation in an amount not exceeding 80 percent of the amount which the Administrator estimates will be the value of the project when the proposed improvements are completed, except that in

the case of a mortgage with respect to a project of a nonprofit cooperative ownership housing corporation whose membership consists primarily of veterans of World War II, the principal obligation may be in an amount not exceeding 95 percent of the amount which the Administrator estimates will be the value of the project when the proposed improvements are completed; and

"(3) not to exceed \$8,100 per family unit for such part of such property or project as may be attributable to dwelling use, except that in the case of projects of the character described in the second proviso of section 207 (c) (2), if the Administrator finds that the needs of the members of any such corporation could more adequately be met by per room cost limitations, the mortgage may involve a principal obligation in an amount not to exceed \$1,800 per room for such part of such project as may be attributable to dwelling use."

(2) By striking out the period at the end of the second sentence, inserting in lieu thereof a comma, and adding the following: "except that with respect to mortgages insured under the provisions of the second proviso of paragraph No. (2) of this subsection, which mortgages are hereby authorized to have a maturity of not exceeding 40 years from the date of the insurance of the mortgage, such interest rate shall not exceed 4 percent per annum."

(3) By adding the following additional sentence at the end thereof: "Such property or project may include such commercial and community facilities as the Administrator deems adequate to serve the occupants."

(o) Section 207 (g) of the National Housing Act, as amended, is hereby amended by striking out the number "2" appearing in clause (ii) and inserting in lieu thereof "1."

(p) Section 207 (h) is amended by striking out, in paragraph No. (1), the words "paid to the mortgagor of such property", and inserting in lieu thereof the following: "retained by the Administrator and credited to the Housing Insurance Fund."

(q) Section 204 (f) is amended by inserting in clause No. (1), immediately preceding the semicolon, the following: "if the mortgage was insured under section 203 and shall be retained by the Administrator and credited to the Housing Insurance Fund if the mortgage was insured under section 207."

(r) Section 207 of the National Housing Act, as amended, is hereby amended by adding the following new paragraph at the end thereof:

"(g) In order to assure an adequate market for mortgages on cooperative-ownership projects and rental-housing projects for families of lower income and veterans of the character described in the second proviso of paragraph No. (2) of subsection (c) of this section, the powers of the Federal National Mortgage Association and of any other Federal corporation or other Federal agency hereafter established, to make real-estate loans, or to purchase, service, or sell any mortgages, or partial interests therein, may be utilized in connection with projects of the character described in said proviso."

TITLE I AMENDMENTS

(s) Section 2 is amended:

(1) By striking out "\$165,000,000" in subsection (a) and inserting in lieu thereof "\$200,000,000";

(2) By striking out "\$3,000" in subsection (b) and inserting in lieu thereof "\$4,500";

(3) By striking out the first proviso in the first sentence of subsection (b) and inserting in lieu thereof the following: "Provided, That insurance may be granted to any such financial institution with respect to any obligation not in excess of \$10,000 and having a maturity not in excess of 7 years and 32 days representing any such loan, advance of credit, or purchase made by it if such loan, advance of credit, or purchase is made for the purpose

of financing the alteration, repair, improvement, or conversion of an existing structure used or to be used as an apartment house or a dwelling for two or more families;";

(4) By striking out the last sentence of subsection (b).

SEC. 102. In order to aid housing production, the Reconstruction Finance Corporation is authorized to make loans to and purchase the obligations of any business enterprise for the purpose of providing financial assistance for the production of prefabricated houses or prefabricated housing components, or for large-scale modernized site construction. Such loans or purchases shall be made under such terms and conditions and with such maturities as the Corporation may determine: *Provided*, That to the extent that the proceeds of such loans or purchases are used for the purchase of equipment, plant, or machinery the principal obligation shall not exceed 75 percent of the purchase price of such equipment, plant, or machinery: *And provided further*, That the total amount of commitments for loans made and obligations purchased under this section shall not exceed \$50,000,000 outstanding at any one time, and no financial assistance shall be extended under this section unless it is not otherwise available on reasonable terms.

SEC. 103. The Servicemen's Readjustment Act of 1944, as amended, is hereby amended by striking out the period at the end of section 500 (b) and inserting in lieu thereof the following: "And provided further, That the Administrator, with the approval of the Secretary of the Treasury, may prescribe by regulation a higher maximum rate of interest than otherwise prescribed in this section for loans guaranteed under this title, but not exceeding 4½ percent per annum, if he finds that the loan market demands it."

TITLE II—SECONDARY MARKET FOR GI HOME LOANS AND FEDERAL HOUSING ADMINISTRATION INSURED MORTGAGES

SEC. 201. Section 301 (a) (1) of the National Housing Act, as amended, is amended by striking out the words "which are insured after April 30, 1948, under section 203 or section 603 of this act, or guaranteed under section 501, 502, or 505 (a) of the Servicemen's Readjustment Act of 1944, as amended" and inserting in lieu thereof the words "which are insured after April 30, 1948, under title II, or title VI of this act, or guaranteed after April 30, 1948, under section 501, or section 502, or section 505 (a) of the Servicemen's Readjustment Act of 1944, as amended."

SEC. 202. Paragraph (E) of the proviso of section 301 (a) (1) of the National Housing Act, as amended, is amended by striking out in clause No. (2) the figure "25" and inserting in lieu thereof the figure "50."

TITLE III—STANDARDIZED BUILDING CODES AND MATERIALS

SEC. 301. The Housing and Home Finance Administrator shall undertake and conduct technical research and studies to develop and promote the acceptance and application of improved and standardized building codes and regulations and methods for the more uniform administration thereof, and standardized dimensions and methods for the assembly of home-building materials and equipment.

SEC. 302. In the performance of, and with respect to, the functions, powers, and duties vested in him by this title, the Administrator shall utilize, to the fullest extent feasible, the available facilities of other departments, independent establishments, and agencies of the Federal Government, and, notwithstanding any other law, shall appoint a Director to administer under his general supervision the provisions of this title.

SEC. 303. There are hereby authorized to be appropriated such sums as may be necessary to carry out the purposes of this title.

TITLE IV—EQUITY INVESTMENT AIDS

SEC. 401. The National Housing Act, as amended, is hereby amended by adding the following new title:

"TITLE VII—INSURANCE FOR INVESTMENTS IN RENTAL HOUSING FOR FAMILIES OF MODERATE INCOME

"AUTHORITY TO INSURE

"Sec. 701. The purpose of this title is to supplement the existing systems of mortgage insurance for rental housing under this act by a special system of insurance designed to encourage equity investment in rental housing at rents within the capacity of families of moderate income. To effectuate this purpose, the Administrator is authorized, upon application by the investor, to insure as hereinafter provided, and, prior to the execution of insurance contracts and upon such terms as the Administrator shall prescribe, to make commitments to insure, the minimum annual amortization charge and an annual return on the outstanding investment of such investor in any project which is eligible for insurance as hereinafter provided in an amount (herein called the 'insured annual return') equal to such rate of return, not exceeding 2½ percent per annum, on such outstanding investments as shall, after consultation with the Secretary of the Treasury, be fixed in the insurance contract or in the commitment to insure: *Provided*, That any insurance contract made pursuant to this title shall expire as of the first day of the operating year for which the outstanding investment amounts to not more than 10 percent of the established investment: *And provided further*, That the aggregate amount of contingent liabilities outstanding at any one time under insurance contracts and commitments to insure made pursuant to this title shall not exceed \$1,000,000,000.

"ELIGIBILITY

"Sec. 702. (a) To be eligible for insurance under this title, a project shall meet the following conditions:

"(1) The Administrator shall be satisfied that there is, in the locality or metropolitan area of such project, a need for new rental dwellings at rents comparable to the rents proposed to be charged for the dwellings in such project.

"(2) Such project shall be economically sound, and the dwellings in such project shall be acceptable to the Administrator as to quality, design, size, and type.

"(b) Any insurance contract executed by the Administrator under this title shall be conclusive evidence of the eligibility of the project and the investor for such insurance, and the validity of any insurance contract so executed shall be incontestable in the hands of an investor from the date of the execution of such contract, except for fraud or misrepresentation on the part of such investor.

"PREMIUMS AND FEES

"Sec. 703. (a) For insurance granted pursuant to this title the Administrator shall fix and collect a premium charge in an amount not exceeding one-half of 1 percent of the outstanding investment for the operating year for which such premium charge is payable without taking into account the excess earnings, if any, applied, in addition to the minimum annual amortization charge, to amortization of the outstanding investment. Such premium charge shall be payable annually in advance by the investor, either in cash or in debentures issued by the Administrator under this title at par plus accrued interest: *Provided*, That, if in any operating year the gross income shall be less than the operating expenses, the premium charge payable during such operating year shall be waived, but only to the extent of the amount of the difference between such expenses and such income and subject to subsequent payment out of any excess earnings as hereinafter provided.

"(b) With respect to any project offered for insurance under this title, the Administrator is authorized to charge and collect reasonable fees for examination, and for inspection during the construction of the project: *Provided*, That such fees shall not aggregate more than one-half of 1 percent of the estimated investment.

"RENTS

"Sec. 704. The Administrator shall require that the rents for the dwellings in any project insured under this title shall be established in accordance with a rent schedule approved by the Administrator, and that the investor shall not charge or collect rents for any dwellings in the project in excess of the appropriate rents therefor as shown in the latest rent schedule approved pursuant to this section. Prior to approving the initial or any subsequent rent schedule pursuant to this section, the Administrator shall find that such schedule affords reasonable assurance that the rents to be established thereunder are (1) not lower than necessary, together with all other income to be derived from or in connection with the project, to produce reasonably stable revenues sufficient to provide for the payment of the operating expenses, the minimum annual amortization charge, and the minimum annual return; and (2) not higher than necessary to meet the need for dwellings for families of moderate income.

"EXCESS EARNINGS

"Sec. 705. For all of the purposes of any insurance contract made pursuant to this title, 50 percent of the excess earnings, if any, for any operating year may be applied, in addition to the minimum annual return, to return on the outstanding investment but only to the extent that such application thereof does not result in an annual return of more than 5 percent of the outstanding investment for such operating year, and the balance of any such excess earnings shall be applied, in addition to the minimum annual amortization charge, to amortization of the outstanding investment: *Provided*, That if in any preceding operating years the gross income shall have been less than the operating expenses, such excess earnings shall be applied to the extent necessary in whole or in part, first, to the reimbursement of the amount of the difference between such expenses (exclusive of any premium charges previously waived hereunder) and such income, and, second, to the payment of any premium charges previously waived hereunder.

"FINANCIAL STATEMENTS

"Sec. 706. With respect to each project insured under this title, the Administrator shall provide that, after the close of each operating year, the investor shall submit to him for approval a financial and operating statement covering such operating year. If any such financial and operating statement shall not have been submitted or, for proper cause, shall not have been approved by the Administrator, payment of any claim submitted by the investor may, at the option of the Administrator, be withheld, in whole or in part, until such statement shall have been submitted and approved.

"PAYMENT OF CLAIMS

"Sec. 707. If in any operating year the net income of a project insured under this title is less than the aggregate of the minimum annual amortization charge and the insured annual return, the Administrator, upon submission by the investor of a claim for the payment of the amount of the difference between such net income and the aggregate of the minimum annual amortization charge and the insured annual return and after proof of the validity of such claim, shall pay to the investor, in cash from the Housing Investment Insurance Fund, the amount of such difference, as determined by the Ad-

ministrator, but not exceeding, in any event, an amount equal to the aggregate of the minimum annual amortization charge and the insured annual return.

"DEBENTURES

"Sec. 708. (a) If the aggregate of the amounts paid to the investor pursuant to section 707 hereof with respect to a project insured under this title shall at any time equal or exceed 15 percent of the established investment, the Administrator thereafter shall have the right, after written notice to the investor of his intentions so to do, to acquire, as of the first day of any operating year, such project in consideration of the issuance and delivery to the investor of debentures having a total face value equal to 90 percent of the outstanding investment for such operating year. In any such case the investor shall be obligated to convey to said Administrator title to the project which meets the requirements of the rules and regulations of the Administrator in force at the time the insurance contract was executed and which is evidenced in the manner prescribed by such rules and regulations, and, in the event that the investor fails so to do, said Administrator may, at his option, terminate the insurance contract.

"(b) If in any operating year the aggregate of the differences between the operating expenses (exclusive of any premium charges previously waived hereunder) and the gross income for the preceding operating years, less the aggregate of any deficits in such operating expenses reimbursed from excess earnings as hereinbefore provided, shall at any time equal or exceed 5 percent of the established investment, the investor shall thereafter have the right, after written notice to the Administrator of his intention so to do, to convey to the Administrator, as of the first day of any operating year, title to the project which meets the requirements of the rules and regulations of the Administrator in force at the time the insurance contract was executed and which is evidenced in the manner prescribed by such rules and regulations, and to receive from the Administrator debentures having a total face value equal to 90 percent of the outstanding investment for such operating year.

"(c) Any difference, not exceeding \$50, between 90 percent of the outstanding investment for the operating year in which a project is acquired by the Administrator pursuant to this section and the total face value of the debentures to be issued and delivered to the investor pursuant to this section shall be adjusted by the payment of cash by the Administrator to the investor from the Housing Investment Insurance Fund.

"(d) Upon the acquisition of a project by the Administrator pursuant to this section, the insurance contract shall terminate.

"(e) Debentures issued under this title to any investor shall be executed in the name of the Housing Investment Insurance Fund as obligor, shall be signed by the Administrator, by either his written or engraved signature, and shall be negotiable. Such debentures shall be dated as of the first day of the operating year in which the project for which such debentures were issued was acquired by the Administrator, shall bear interest at a rate to be determined by the Administrator, with the approval of the Secretary of the Treasury, at the time the insurance contract was executed, but not to exceed 2½ percent per annum, payable semiannually on the 1st day of January and the 1st day of July of each year, and shall mature on the 1st day of July in such calendar year or years, not later than the fortieth following the date of the issuance thereof, as shall be determined by the Administrator and stated on the face of such debentures.

"(f) Such debentures shall be in such form and in such denominations in multiples of \$50, shall be subject to such terms and conditions, and may include such provisions

for redemption as shall be prescribed by the Administrator, with the approval of the Secretary of the Treasury, and may be issued in either coupon or registered form.

"(g) Such debentures shall be exempt, both as to principal and interest, from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by any Territory, dependency, or possession of the United States, or by the District of Columbia, or by any State, county, municipality, or local taxing authority, shall be payable out of the Housing Investment Insurance Fund, which shall be primarily liable therefor, and shall be fully and unconditionally guaranteed, as to both the principal thereof and the interest thereon, by the United States, and such guaranty shall be expressed on the face thereof. In the event that the Housing Investment Insurance Fund fails to pay upon demand, when due, the principal of or the interest on any debentures so guaranteed, the Secretary of the Treasury shall pay to the holders the amount thereof, which is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, and thereupon, to the extent of the amount so paid, the Secretary of the Treasury shall succeed to all the rights of the holders of such debentures.

"(h) Notwithstanding any other provisions of law relating to the acquisition, handling, or disposal of real and other property by the United States, the Administrator shall have power, for the protection of the Housing Investment Insurance Fund, to pay out of said fund all expenses or charges in connection with, and to deal with, complete, reconstruct, rent, renovate, modernize, insure, make contracts for the management of, or establish suitable agencies for the management of, or sell for cash or credit or lease in his discretion, in whole or in part, any project acquired pursuant to this title; and, notwithstanding any other provisions of law, the Administrator shall also have power to pursue to final collection by way of compromise or otherwise all claims acquired by, or assigned or transferred to, him in connection with the acquisition or disposal of any project pursuant to this title: *Provided*, That section 3709 of the Revised Statutes shall not be construed to apply to any contract for hazard insurance, or to any purchase or contract for services or supplies on account of any project acquired pursuant to this title if the amount of such purchase or contract does not exceed \$1,000.

"TERMINATION

"SEC. 709. The investor, after written notice to the Administrator of his intention so to do, may terminate, as of the close of any operating year, any insurance contract made pursuant to this title. The Administrator shall prescribe the events and conditions under which said Administrator shall have the option to terminate any insurance contract made pursuant to this title, and the events and conditions under which said Administrator may reinstate any insurance contract terminated pursuant to this section or section 708 (a). If any insurance contract is terminated pursuant to this section, the Administrator may require the investor to pay an adjusted premium charge in such amount as the Administrator determines to be equitable, but not in excess of the aggregate amount of the premium charges which such investor otherwise would have been required to pay if such insurance contract had not been so terminated.

"INSURANCE FUND

"SEC. 710. There is hereby created a Housing Investment Insurance Fund which shall be used by the Administrator as a revolving fund for carrying out the provisions of this title and for administrative expenses in connection therewith. For this purpose, the Secretary of the Treasury shall make available to the Administrator such funds

as the Administrator shall deem necessary, but not to exceed \$10,000,000, which amount is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated. Premium charges, adjusted premium charges, inspection and other fees, service charges, and any other income received by the Administrator under this title, together with all earnings on the assets of such Housing Investment Insurance Fund, shall be credited to said fund. All payments made pursuant to claims of investors with respect to projects insured under this title, cash adjustments, the principal of and interest on debentures issued under this title, expenses incurred in connection with or as a consequence of the acquisition and disposal of projects acquired under this title, and all administrative expenses in connection with this title, shall be paid from said fund. The faith of the United States is solemnly pledged to the payment of all approved claims of investors with respect to projects insured under this title, and, in the event said fund fails to make any such payment when due, the Secretary of the Treasury shall pay to the investor the amount thereof, which is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated. Moneys in the Housing Investment Insurance Fund not needed for current operations under this title shall be deposited with the Treasurer of the United States to the credit of said fund or invested in bonds or other obligations of, or in bonds or other obligations guaranteed by, the United States. The Administrator may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued under this title. Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this section. Debentures so purchased shall be canceled and not reissued.

"TAXATION PROVISIONS

"SEC. 711. Nothing in this title shall be construed to exempt any real property acquired and held by the Administrator under this title from taxation by any State or political subdivision thereof, to the same extent, according to its value, as other real property is taxed.

"RULES AND REGULATIONS

"SEC. 712. The Administrator may make such rules and regulations as may be necessary or desirable to carry out the provisions of this title, including, without limiting the foregoing, rules and regulations relating to the maintenance by the investor of books, records, and accounts with respect to the project and the examination of such books, records, and accounts by representatives of the Administrator; the submission of financial and operating statements and the approval thereof; the submission of claims for payments under insurance contracts, the proof of the validity of such claims, and the payment or disallowance thereof; the increase of the established investment if the investor shall make capital improvements or additions to the project; the decrease of the established investment if the investor shall sell part of the project; and the reduction of the outstanding investment for the appropriate operating year or operating years pending the restoration of dwelling or nondwelling facilities damaged by fire or other casualty. With respect to any investor which is subject to supervision or regulation by a State banking, insurance, or other State department or agency, the Administrator may, in carrying out any of his supervisory and regulatory functions with respect to projects insured under this title, utilize, contract with, and act through, such department or agency and without regard to section 3709 of the Revised Statutes.

"DEFINITIONS

"SEC. 713. The following terms shall have the meanings, respectively, ascribed to them

below, and, unless the context clearly indicates otherwise, shall include the plural as well as the singular number:

"(a) 'Investor' shall mean (1) any natural person; (2) any group of not more than 10 natural persons; (3) any corporation, company, association, trust, or other legal entity; or (4) any combination of two or more corporations, companies, associations, trusts, or other legal entities, having all the powers necessary to comply with the requirements of this title, which the Administrator (1) shall find to be qualified by business experience and facilities, to afford assurance of the necessary continuity of long-term investment, and to have available the necessary capital required for long-term investment in the project, and (2) shall approve as eligible for insurance under this title.

"(b) 'Project' shall mean a project (including all property, real and personal, contracts, rights, and choses in action acquired, owned, or held by the investor in connection therewith) of an investor designed and used primarily for the purpose of providing dwellings the occupancy of which is permitted by the investor in consideration of agreed charges: *Provided*, That nothing in this title shall be construed as prohibiting the inclusion in a project of such stores, offices, or other commercial facilities, recreational or community facilities, or other nondwelling facilities as the Administrator shall determine to be necessary or desirable appurtenances to such project.

"(c) 'Estimated investment' shall mean the estimated cost of the development of the project, as stated in the application submitted to the Administrator for insurance under this title.

"(d) 'Established investment' shall mean the amount of the reasonable costs, as approved by the Administrator, incurred by the investor in, and necessary for, carrying out all works and undertakings for the development of a project and shall include the premium charge for the first operating year and the cost of all necessary surveys, plans and specifications, architectural, engineering, or other special services, land acquisition, site preparation, construction, and equipment; a reasonable return on the funds of the investor paid out in course of the development of the project, up to and including the initial occupancy date; necessary expenses in connection with the initial occupancy of the project; and the cost of such other items as the Administrator shall determine to be necessary for the development of the project, (1) less the amount by which the rents and revenues derived from the project up to and including the initial occupancy date exceeded the reasonable and proper expenses, as approved by the Administrator, incurred by the investor in, and necessary for, operating and maintaining said project up to and including the initial occupancy date, or (2) plus the amount by which such expenses exceeded such rents and revenues, as the case may be.

"(e) 'Physical completion date' shall mean the last day of the calendar month in which the Administrator determines that the construction of the project is substantially completed and substantially all of the dwellings therein are available for occupancy.

"(f) 'Initial occupancy date' shall mean the last day of the calendar month in which 90 percent in number of the dwellings in the project on the physical completion date shall have been occupied, but shall in no event be later than the last day of the sixth calendar month next following the physical completion date.

"(g) 'Operating year' shall mean the period of 12 consecutive calendar months next following the initial occupancy date and each succeeding period of 12 consecutive calendar months, and the period of the first 12 consecutive calendar months next following the initial occupancy date shall be the first operating year.

"(h) 'Gross income' for any operating year shall mean the total rents and revenues and other income derived from, or in connection with, the project during such operating year.

"(i) 'Operating expenses' for any operating year shall mean the amounts, as approved by the Administrator, necessary to meet the reasonable and proper costs of, and to provide for, operating and maintaining the project, and to establish and maintain reasonable and proper reserves for repairs, maintenance, and replacements, and other necessary reserves during such operating year, and shall include necessary expenses for real estate taxes, special assessments, premium charges made pursuant to this title, administrative expenses, the annual rental under any lease pursuant to which the real property comprising the site of the project is held by the investor, and insurance charges, together with such other expenses as the Administrator shall determine to be necessary for the proper operation and maintenance of the project, but shall not include income taxes.

"(j) 'Net income' for any operating year shall mean gross income remaining after the payment of the operating expenses.

"(k) 'Minimum annual amortization charge' shall mean an amount equal to 2 percent of the established investment, except that, in the case of a project where the real property comprising the site thereof is held by the investor under a lease, if (notwithstanding the proviso of section 703 (a) hereof) the gross income for any operating year shall be less than the amount required to pay the operating expenses (including the annual rental under such lease), the minimum annual amortization charge for such operating year shall mean an amount equal to 2 percent of the established investment plus the amount of the annual rental under such lease to the extent that the same is not paid from the gross income.

"(l) 'Annual return' for any operating year shall mean the net income remaining after the payment of the minimum annual amortization charge.

"(m) 'Insured annual return' shall have the meaning ascribed to it in section 701 hereof.

"(n) 'Minimum annual return' for any operating year shall mean an amount equal to 3½ percent of the outstanding investment for such operating year.

"(o) 'Excess earnings' for any operating year shall mean the net income derived from a project in excess of the minimum annual amortization charge and the minimum annual return.

"(p) 'Outstanding investment' for any operating year shall mean the established investment, less an amount equal to (1) the aggregate of the minimum annual amortization charge for each preceding operating year, plus (2) the aggregate of the excess earnings, if any, during each preceding operating year applied, in addition to the minimum annual amortization charge, to amortization in accordance with the provisions of section 705 hereof."

SEC. 402. Sections 1 and 5 of the National Housing Act, as amended, are hereby amended by striking out "titles II, III, and VI" wherever they appear in said sections and inserting in lieu thereof "titles II, III, VI, and VII."

TITLE V—ADMINISTRATIVE AND MISCELLANEOUS PROVISIONS

ADMINISTRATIVE PROVISIONS

SEC. 501. (a) Effective upon the date of enactment of this act, the Housing and Home Finance Administrator shall receive compensation at the rate of \$16,500 per annum, and the members of the Home Loan Bank Board, the Federal Housing Commissioner, and the Public Housing Commissioner shall each receive compensation at the rate of \$15,000 per annum.

(b) Section 101 of the Government Corporation Control Act, as amended, is amended by inserting "Federal Housing Administration;" immediately after the semicolon which follows "United States Housing Corporation": *Provided*, That, as to the Federal Housing Administration, the audit required by section 105 of said act shall begin with the fiscal year commencing July 1, 1948, and the exception contained in section 301 (d) of said act shall be construed to refer to the cost of audits contracted for prior to July 1, 1948.

SEC. 502. In carrying out their respective functions, powers, and duties—

(a) The Housing and Home Finance Administrator may appoint such officers and employees as he may find necessary, which appointments shall be subject to the civil-service laws and the Classification Act of 1923, as amended. The Administrator may make such expenditures as may be necessary to carry out his functions, powers, and duties, and there are hereby authorized to be appropriated to the Administrator, out of any moneys in the Treasury not otherwise appropriated, such sums as may be necessary to carry out such functions, powers, and duties and for administrative expenses in connection therewith. The Administrator may delegate any of his functions and powers to such officers, agents, or employees as he may designate, and may make such rules and regulations as may be necessary to carry out his functions, powers, and duties. The Administrator shall cause to be prepared for the Housing and Home Finance Agency an official seal of such device as he shall approve, and judicial notice shall be taken of said seal. The Secretary of Commerce or his designee shall hereafter be included in the membership of the National Housing Council.

(b) The Public Housing Administration shall sue and be sued only with respect to its functions under the United States Housing Act of 1937, as amended, and title II of Public Law 671, Seventy-sixth Congress, approved June 28, 1940, as amended. The Public Housing Commissioner may appoint such officers and employees as he may find necessary, which appointments, notwithstanding the provisions of any other law, shall hereafter be made hereunder, and shall be subject to the civil-service laws and the Classification Act of 1923, as amended; delegate any of his functions and powers to such officers, agents, or employees of the Public Housing Administration as he may designate; and make such rules and regulations as he may find necessary to carry out his functions, powers, and duties. Funds made available for carrying out the functions, powers, and duties of the Administration (including appropriations therefor, which are hereby authorized) shall be available, in such amounts as may from year to year be authorized by the Congress, for the administrative expenses of the Administration. Notwithstanding any other provisions of law except provisions of law hereafter enacted expressly in limitation hereof, the Public Housing Administration, or any State or local public agency administering a low-rent housing project assisted pursuant to the United States Housing Act of 1937 or title II of Public Law 671, Seventy-sixth Congress, approved June 28, 1940, shall continue to have the right to maintain an action or proceeding to recover possession of any housing accommodations operated by it where such action is authorized by the statute or regulations under which such housing accommodations are administered, and, in determining net income for the purposes of tenant eligibility with respect to low-rent housing projects assisted pursuant to said acts, the Public Housing Administration is authorized, where it finds such action equitable and in the public interest, to exclude amounts or portions thereof paid by the

United States Government for disability or death occurring in connection with military service.

(c) The Housing and Home Finance Administrator, the Home Loan Bank Board (which term as used in this section shall also include and refer to the Federal Savings and Loan Insurance Corporation, the Home Owners' Loan Corporation, and the Chairman of the Home Loan Bank Board), the Federal Housing Commissioner, and the Public Housing Commissioner, respectively, may, in addition to and not in derogation of any powers and authorities conferred elsewhere in this act—

(1) with the consent of the agency or organization concerned, accept and utilize equipment, facilities, or the services of employees of any State or local public agency or instrumentality, educational institution, or nonprofit agency or organization and, in connection with the utilization of such services, may make payments for transportation while away from their homes or regular places of business and per diem in lieu of subsistence en route and at place of such service, in accordance with the provisions of 5 U. S. C. 73b-2;

(2) utilize, contract with, and act through, without regard to section 3709 of the Revised Statutes, any Federal, State, or local public agency or instrumentality, educational institution, or nonprofit agency or organization with the consent of the agency or organization concerned, and any funds available to said officers for carrying out their respective functions, powers, and duties shall be available to reimburse any such agency or organization; and, whenever in the judgment of any such officer necessary, he may make advance, progress, or other payments with respect to such contracts without regard to the provisions of section 3648 of the Revised Statutes;

(3) make expenditures for all necessary expenses, including preparation, mounting, shipping, and installation of exhibits; purchase and exchange of technical apparatus; and such other expenses as may, from time to time, be found necessary in carrying out their respective functions, powers, and duties: *Provided*, That the provisions of section 3709 of the Revised Statutes shall not apply to any purchase or contract by said officers (or their agencies), respectively, for services or supplies if the amount thereof does not exceed \$300: *And provided further*, That funds made available for administrative expenses in carrying out the functions, powers, and duties imposed upon the Housing and Home Finance Administrator, the Home Loan Bank Board, the Federal Housing Commissioner, and the Public Housing Commissioner, respectively, by or pursuant to law may at their option be consolidated into single administrative expense fund accounts of said officers or agencies for expenditure by them, respectively, in accordance with the provisions hereof.

ACT CONTROLLING

SEC. 503. Insofar as the provisions of any other law are inconsistent with the provisions of this act, the provisions of this act shall be controlling.

SEPARABILITY

SEC. 504. Except as may be otherwise expressly provided in this act, all powers and authorities conferred by this act shall be cumulative and additional to and not in derogation of any powers and authorities otherwise existing. Notwithstanding any other evidences of the intention of Congress, it is hereby declared to be the controlling intent of Congress that if any provisions of this act, or the application thereof to any persons or circumstances, shall be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder of this act

or its applications to other persons and circumstances, but shall be confined in its operation to the provisions of this act, or the application thereof to the persons and circumstances, directly involved in the controversy in which such judgment shall have been rendered.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. McCARTHY. I yield.

Mr. MAGNUSON. I should like to make an inquiry which perhaps I should address to the Chair. Several Senators who have an amendment to offer to the bill are interested in this point. Would the suggestion made by the Senator from Wisconsin preclude us from offering a separate amendment to the bill?

Mr. McCARTHY. I do not know the parliamentary rules too well, so I would ask the opinion of the Chair.

Mr. MAGNUSON. Very well; I address my inquiry to the Chair.

The PRESIDENT pro tempore. The Senator is entitled to offer amendments to the committee substitute.

Mr. MAGNUSON. I thank the Chair.

Mr. TAFT. Mr. President, let me suggest that if the Senator does what he now proposes to do, if he offers a complete substitute for the committee substitute, both substitutes will be open to amendment before the final vote, of course.

The PRESIDENT pro tempore. That is correct.

Mr. TAFT. And a Senator may offer an amendment to either the committee substitute or to the McCarthy substitute.

The PRESIDENT pro tempore. The Senator is correct.

Mr. McCARTHY. Mr. President, some days ago, at the request of the Senate leadership, the Senator from New Hampshire [Mr. TOBEY] appointed a three-man subcommittee to discuss the question of housing with the House Banking and Currency Committee. In accordance with that suggestion, the Senator from New Hampshire appointed the junior Senator from Wisconsin [Mr. McCARTHY], the junior Senator from Ohio [Mr. BRICKER], and the Senator from Delaware [Mr. BUCK] to meet with the House Banking and Currency Committee. We met with them. Several of the other members of the Senate Banking and Currency Committee were present. We thought we had a rather fruitful discussion.

The House Banking and Currency Committee leadership took the position at that time that a special session is not the time at which to pass slum-clearance legislation or long-range public housing legislation. Regardless of whether we agree or disagree with that position, that was their position. They are very firm in that position.

Mr. TOBEY. Mr. President, will the Senator yield for a question?

Mr. McCARTHY. I yield.

Mr. TOBEY. Do I correctly understand the Senator to say that the House leadership advised him that they did not feel that this special session was the time at which to pass legislation pro-

viding for slum clearance and public housing?

Mr. McCARTHY. That is correct.

Mr. TOBEY. Is that what the Senator said?

Mr. McCARTHY. Yes.

Mr. TOBEY. Let me refresh the Senator's memory for a moment, if he will permit, and let me ask him if this is true: Does the Senator ever remember any time since he has been a Member of the Senate when the House leadership even condescended to smile on legislation on that subject? As a matter of fact, they have had a rod in pickle as to those matters, to be used against them whenever they showed their heads. They have doomed them to extinction, so far as they are concerned, always.

Mr. McCARTHY. As the Senator recalls, I submitted proposed legislation on slum clearance last year; and the Senator from New Hampshire and the Senator from Vermont [Mr. FLANDERS] submitted proposed legislation very similar to it. At the time when we considered the Taft-Ellender-Wagner bill, as the Senator knows, I submitted various amendments to the public housing features of that bill.

Finally we compromised. As the Senator knows, I supported the slum-clearance and public-housing provisions of the Taft-Ellender-Wagner bill. So I wish that understood.

Mr. TOBEY. Of course, but the point is that in the past the House leadership has never favored that. It has not changed a bit. I wish the Members of the Senate to have that point clearly in mind.

Let me say, if the Senator will permit a question for 30 seconds, that if Senators wish to handle this matter properly, they should vote down every single amendment, in order to keep public-housing and slum-clearance provisions in the bill. Senators must not be deceived by words and verbiage that would result in removing those features from the bill. We should provide for public housing and for slum clearance; and in order to do that, we should vote down every amendment which would remove those provisions from the bill.

I thank the Senator for yielding to me.

Mr. McCARTHY. Certainly.

Mr. President, as I have stated, the House leadership took the position that they would not accept public-housing legislation at this time or slum-clearance legislation. One of the members of the House of Representatives Banking and Currency Committee telephoned to me within the last 10 minutes and called to my attention one of the reasons why they take that position. He called my attention to part of the Republican Party platform dealing with housing, namely:

We recommend Federal aid to the States for local slum-clearance and low-rental housing programs only where there is a need that cannot be met either by private enterprise or by the States and localities.

That is a different approach from the one you have been fighting for. Whether that approach would meet with the ap-

proval of the Senator from New Hampshire, I do not know; but again I point out that the House states bluntly that it will not accept slum-clearance legislation or public-housing legislation at this time. I hope the Senator from New Hampshire understands my point.

Mr. TOBEY. Yes; I understand.

Mr. McCARTHY. So the point is that if we are to have any housing legislation at this session, at least the House will not agree to have slum-clearance and public-housing provisions included in it.

We now have before us what the subcommittee of the Senate Banking and Currency Committee has agreed upon. We feel that the thing this bill will accomplish, above all else, will be the stimulation of the production of low-cost housing. By this bill we shall make the loans for lower-cost housing much more liberal than they previously have been made. We attempt to tighten up credit on the more expensive homes.

Let me review the bill briefly. First of all as to title VI—the much-disputed title—we have dropped from that title the section dealing with “for sale” housing. We felt that was too inflationary and that it stimulated the production of the more expensive types of homes.

However, we have retained section 608, the one dealing with rental housing. We provide for an additional \$800,000,000 authorization.

I may say that we have talked to any number of men in the Housing Administration; and although their position is that they favor, as does the Senator from New Hampshire [Mr. TOBEY], slum clearance and public housing, nevertheless they tell us that unless section 608 is reactivated there will be a great slump in home building during the present year. I think there is no doubt about that.

We have retained section 609. That is the section dealing with loans to prefabricated housing manufacturers. Substantially the only change which has been made, as compared with the law now in existence, is one to make it possible for the prefabricated housing manufacturers to get the loans which Congress intended them to get.

I may say that everything we have in this bill, everything that it contains, I believe, is endorsed 100 percent by the Senator from New Hampshire [Mr. TOBEY], the Senator from Vermont [Mr. FLANDERS], and, I believe, by everyone else interested in housing. If I misstate the Senator's position, I hope he will tell me so. I think the position the Senator from New Hampshire takes is that although everything we provide for in this bill is good and although it is an improvement over those sections of the Taft-Ellender-Wagner bill previously referred to, nevertheless the bill is incomplete unless public housing and slum clearance are provided for.

One of the new provisions we have made in this bill is for a 95-percent guaranty of loans on homes which cost \$6,300 or less. Of course, the purpose is obvious. It is, in effect, to force contractors to concentrate on the lower-cost homes, because unless we make loans easier to

obtain on such homes, many persons will not be able to buy them, and there would be no use in building less expensive homes.

We have retained section 610, which merely has to do with the insurance of loans on war housing and loans on Greenbelt housing and loans for the purchase of the TVA village properties. I understand the Appropriations Committee has taken action indicating congressional desire that there be a disposal of those TVA villages.

We have retained section 611 of the T-E-W bill, but have made one major change, feeling that 611 as presently contained in the T-E-W bill is too inflationary. The maximum cost of a home under 611 of the present bill I believe is \$9,000 or thereabouts. We have reduced that to \$7,500. We have reduced the construction guaranty from 90 percent to 80 percent in an attempt to make that particular section of the bill less inflationary. I understand there is still some difference of opinion as to whether we should enact this section even in its present form, but our subcommittee unanimously agreed we should, in view of the fact that it concentrates solely on cheaper housing.

I might say I invite Senators to interrupt me at any time as I run through the measure, if they feel I am not making the provisions clear.

The title II provisions are substantially the same as title—

Mr. SMITH. Mr. President, will the Senator yield merely for a question?

Mr. McCARTHY. I yield.

Mr. SMITH. I am not quite clear as to which draft the Senator is reading from in giving the numbers. I do not find those numbers in either of the drafts before me on the desk.

Mr. McCARTHY. I am referring to House bill 6959.

Mr. FLANDERS. The committee print, if the Senator will excuse me.

Mr. McCARTHY. Yes; it is the committee print.

Turning to page 55, under title I we deal with title VI of the National Housing Act. I know it is confusing. I am referring to what is in title I of the committee print, which deals with title VI of the National Housing Act. That is the emergency section which was passed during the late days of the war.

Mr. REVERCOMB. Mr. President, will the Senator yield?

Mr. McCARTHY. I yield.

Mr. REVERCOMB. Before leaving this particular title, will the Senator point out the difference between the substitute he is offering and the committee substitute? Wherein is there a distinct difference?

Mr. McCARTHY. The Senator knows that we have three bills before us.

Mr. REVERCOMB. That is correct.

Mr. McCARTHY. We have the House bill, the Taft-Ellender-Wagner bill, and our subcommittee bill.

Mr. REVERCOMB. Yes.

Mr. McCARTHY. Is the Senator asking for a statement of the difference between this and the House bill, or between our bill and the T-E-W bill?

Mr. REVERCOMB. I am asking for the difference between this and the House bill.

Mr. McCARTHY. The House bill has nothing in it whatever in regard to title VI, the reason for that being that the House sent over a separate bill extending title VI. Their bill extending title VI also included the so-called for-sale housing. We have eliminated that, so that practically the only difference is that we have eliminated the liberal loans on the for-sale housing. We have cut the authorization also from \$1,600,000,000 to \$800,000,000. The Housing and Home Finance Agency tell us that with the elimination of the for-sale housing, the authorization of \$800,000,000 instead of \$1,600,000,000 is sufficient.

Again the purpose is to keep the contractors from concentrating on the more expensive houses, and to try to make the bill less inflationary.

Passing to title II, one very important change is there made. It will be recalled that in the closing days, the Senate passed what I believe is known as the Jenner bill, a bill providing for a secondary market and also setting up a veterans' cooperative.

Mr. FLANDERS. Mr. President, will the Senator yield for a moment?

Mr. McCARTHY. Certainly.

Mr. FLANDERS. I should like to suggest that wherever the Senator refers to any part of the bill, he give the page number. There is a good deal of confusion in the minds of those not familiar with this draft, as to the bill titles and the titles of the original housing act.

Mr. McCARTHY. I thank the Senator from Vermont. I am referring now to page 64, title II amendments, which also refers to title II of the National Housing Act. I may say in passing in connection with this, the Senator from Indiana [Mr. JENNER] contacted the committee during the construction of the bill and urged additional aid for veterans in the veterans' cooperative, and additional aid by way of a secondary market. His intelligent help in that regard was very much appreciated by myself and by the other members of our subcommittee.

Mr. WHERRY. Mr. President, will the Senator yield for a moment?

Mr. McCARTHY. Certainly.

Mr. WHERRY. There is considerable difficulty and I think some confusion as to how long the Senate will continue in session and as to whether or not there will be a vote on any of the pending measures. I am not sure from what certain Senators have said whether we will be able to adjourn at a certain hour, and whether any votes will be taken. In order to clarify the matter, if the Senator will permit, I suggest that the Senate continue in session as long as it would like to do so, but not vote on any of the amendments until tomorrow at 1 o'clock.

Mr. McCARTHY. Is the acting majority leader trying to get rid of my audience?

Mr. WHERRY. No; I want the audience to remain. However, I feel that in order to expedite matters, with other legislation coming before us, that if we could remain in session as long as we care to debate the issue tonight, I would then make the suggestion that the Senate convene tomorrow at 11 o'clock a. m.,

the debate to continue from that hour until 1 o'clock, the time to be divided equally between the proponents and opponents, to be controlled for the proponents by the Senator from New Hampshire [Mr. TOBEY], and for opponents being in charge of the Senator from Wisconsin [Mr. McCARTHY]. By so doing, even though the debate were exhausted, as we hope it may be, by the time the session ends tonight, the amendments would then be printed and would be on the desks, and Senators would know exactly what they were voting on tomorrow, without any difficulty.

If the Senator from Wisconsin will yield further, I may say that I took this suggestion up with the acting minority leader, the distinguished Senator from Illinois [Mr. LUCAS] with the idea of ascertaining whether he thought such a request would meet with favor. I should like to ask him whether he feels that such a unanimous-consent request should be made, and whether, if made, he believes unanimous consent would be given?

Mr. LUCAS. I may say to the acting majority leader that I have canvassed the situation pretty well on this side of the aisle. Senators on the floor have no serious objection to such a unanimous-consent request.

Mr. WHERRY. In order to make it binding, it would be necessary to waive a quorum call. I should like to ask the distinguished acting minority leader whether he would feel that Senators on his side of the aisle would be willing to do that, in order to get the request before the Senate immediately.

Mr. LUCAS. I should, of course, very much dislike to do that. Under the circumstances, however, if the Senator from Nebraska wants to take the chance, the Senator from Illinois will also take a chance.

Mr. WHERRY. Then, Mr. President, if the Senator from Wisconsin will permit me, I ask unanimous consent that a quorum call be waived.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and it is so ordered.

Mr. WHERRY. Secondly, I ask unanimous consent that at the hour of 1 o'clock tomorrow the Senate vote upon the pending measure, together with any amendments thereto, that amendments offered shall be germane to the subject matter, and that when the Senate recesses at the conclusion of this afternoon's session, it reconvene at 11 o'clock a. m. tomorrow. Further, I would include the provision that the time between the hours of 11 a. m. and 1 p. m., shall be equally divided between proponents and opponents of the measure, to be controlled for proponents by the Senator from New Hampshire [Mr. TOBEY], and for opponents by the Senator from Wisconsin [Mr. McCARTHY].

Mr. LUCAS. Mr. President, will the Senator yield for a question?

Mr. WHERRY. I yield.

Mr. LUCAS. I know what the Senator intends, but I doubt if he included both the bill as reported from the Committee on Banking and Currency and the amendments now being submitted by the Senator from Wisconsin.

Mr. WHERRY. Oh, yes; I include the bill reported, the substitute committee bill, and all amendments thereto, to be voted on at 1 o'clock.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and the order is made.

Mr. WHERRY. Mr. President, it is our intention also to remain in session at least until 7 o'clock tonight, if it takes that long, to debate the amendments now before the Senate. At that hour I should like very much if possible to recess, if we reach that hour, in view of the fact that we are to reconvene at 11 o'clock tomorrow.

Mr. CORDON. Mr. President, will the Senator yield?

Mr. McCARTHY. I yield.

Mr. CORDON. Mr. President, the two Senators from Oregon [Mr. CORDON and Mr. MORSE] and the two Senators from Washington [Mr. MAGNUSON and Mr. CAIN] intend to propose an amendment to the substitute bill offered to the pending bill by the Senator from Wisconsin, and if that substitute bill does not prevail, then, to the substitute bill reported by the committee. I send to the desk the amendment proposed to be offered, and ask that it be printed and lie on the table.

The PRESIDENT pro tempore. The amendment will be received and printed, and will lie on the table.

Mr. MALONE. Mr. President, will the Senator yield?

Mr. McCARTHY. I yield to the Senator from Nevada.

Mr. MALONE. Mr. President, I believe the Senator from Wisconsin has a very good bill which should be acceptable to everyone. It has been ably explained. If the Senator from Wisconsin will accept an amendment I should like to offer at this time, which would do away with the tax on trailers, since 90 percent of them are now used for housing, I shall be glad to offer it.

Mr. McCARTHY. Mr. President, I understand the Senator's amendment provides that the tax imposed by subsection (b) shall not apply in the case of trailer-coaches of the housing type sold prior to July 1, 1950, and after the close of the month in which falls the date of the enactment of this subsection.

May I inquire of the Senator from Nevada as to the amount of the tax which is now imposed on that type trailer?

Mr. MALONE. It is 7 percent, the same as on automobiles. As a matter of fact, the Government itself takes most of the trailers for housing for veterans, because trailers are mobile and can be moved readily from place to place.

Mr. McCARTHY. Mr. President, while I cannot very well speak for the entire subcommittee which is responsible for the drafting of the bill, I personally think there is nothing objectionable in the Senator's amendment, and I should not oppose it personally. I do not know what position the other members of the committee will take.

Mr. MALONE. Mr. President, I now offer my amendment. It can be called up later.

The PRESIDENT pro tempore. Does the Senator from Wisconsin yield for that purpose?

Mr. McCARTHY. I yield for that purpose, Mr. President.

The PRESIDENT pro tempore. The Senator from Nevada offers an amendment to substitute for the committee substitute offered by the Senator from Wisconsin, which the clerk will read.

The LEGISLATIVE CLERK. At the proper place in the bill it is proposed to insert a new section as follows:

SEC. —. Section 3403 of the Internal Revenue Code is amended by adding at the end thereof the following new subsection:

"(f) The tax imposed by subsection (b) shall not apply in the case of trailer coaches of the housing type (including parts or accessories therefor sold on or in connection therewith or with the sale thereof) sold prior to July 1, 1950, and after the close of the month in which falls the date of the enactment of this subsection."

Mr. TAFT. Mr. President, I think that amendment should lie over for consideration tomorrow, and not be voted on at the present time.

The PRESIDENT pro tempore. According to the Chair's understanding of the unanimous-consent agreement, it is implicit that there be no amendment voted on this afternoon. That is the Chair's understanding of the agreement.

Mr. McCARTHY. Mr. President, continuing my remarks, I believe I had previously stated that the title II amendments on page 64 of the committee print are substantially the same as the title II amendments of the Taft-Ellender-Wagner bill, except for the attempt to concentrate on the lower cost homes and to tighten up credit on the more expensive home.

There is one other very important change. The veterans' cooperative measure passed by this body in the closing days of the last session provided guaranteed loans to veterans' cooperatives. Apparently, because of an oversight, there was no change made in the old room limitation. The room limitation was \$1,350. Obviously such a limitation cannot be applied at this time. Originally we had increased that to an \$8,100 per unit limitation. However, the commissioner of housing of New York, through the office of the Senator from New York [Mr. Ives], and with the Senator, called our attention to a very sizable project which is under construction in New York by the United Veterans' Mutual Housing Co., Inc., known as Bell Park Gardens. If I am incorrect in my statements, I hope the Senator from New York [Mr. Ives] will correct me. I understand that much planning has gone into that particular project. I understand that veterans have paid down some money. I understand there are commitments from a bank in the amount of—I do not know how many millions of dollars, but I believe it is over \$7,000,000. The commitments have been made at 3½ percent interest.

Mr. Ives. Mr. President, will the Senator yield?

Mr. McCARTHY. Certainly; I shall be glad to yield.

Mr. Ives. Mr. President, I simply desire to cite some facts pertaining to the particular project to which the distinguished Senator from Wisconsin refers. The first of such projects, an 800-apart-

ment garden-type project, planned for Bayside, Queens, under section 608, at the beginning of this year, on the basis of \$1,800 per room, cannot be built at any lesser mortgage figure. Some 600 veterans have made down payments averaging \$1,000, almost \$600,000 being now on deposit. One of the largest New York banks made a \$7,250,000 mortgage commitment at 3½ percent, an interest rate no longer available. An option on the 40 acres of land was obtained at the very reasonable price of \$8,000 per acre. Anyone who is familiar with that section of New York knows that that is a very reasonable price. A reputable contracting firm agreed to construct the project at figures which have since increased. All of this was based on the \$1,800 per room mortgage then available under section 608, and the good faith and prestige of the State of New York—its word to some 600 individual veterans who are willing to help themselves by personally financing their own apartments without one cent of public funds as a means of obtaining badly needed housing within the private-enterprise system—now hang in the balance.

I thank the Senator from Wisconsin.

Mr. McCARTHY. Mr. President, I understand that loan commitments have been made totaling in excess of \$1,000,000. Is that correct?

Mr. Ives. The amount is \$7,250,000.

Mr. McCARTHY. That commitment has been made at the rate of 3½ percent. Since the increase in interest rates, I gather that the bank would be very happy to get out from under the contract. A firm contract was made with a builder. Since that time costs have increased, and I assume the building contractor would be happy to have a release of that contract.

Mr. Ives. I should like to point out that unless this provision in the present statutes is made, this whole project will go down in defeat and failure, and there will be no project.

Mr. McCARTHY. That is what I was coming to. Unless we pass some housing legislation at this time, that is just one of the projects which will be dropped. It can be multiplied by 50, 100, 500—I do not know how many times. But unless we pass some housing legislation, the building of homes for veterans will cease over night.

For the record, and so that the FHA may be thoroughly apprised of what the Senate has in mind, I wish very briefly to detail the amendments we made to the bill, to cover Bell Park Gardens and other like projects.

There was an \$8,100 per unit limitation, but we find in these cooperatives that it is often necessary to have apartments of 5 or 6 or 7 rooms. In such a situation obviously a per-unit limitation is unworkable. We have therefore provided that where a veterans' cooperative is concerned, the head of the Housing and Home Finance Agency may shift from the per-unit limitation to a per-room limitation of \$1,800 per room, and that will take care of the situation in Bell Park Gardens and countless other like situations.

There is another substantial change, and I think this is especially important

in view of the Federal Reserve Board's recent memorandum issued to the member banks to tighten up on home loans. With the Federal Reserve System tightening up on home loans, and many State banks following that lead, as they often do, we find that in many areas it is almost impossible to get loans for low-cost homes. So what we are doing in this bill at this time—and this meets with the approval of the Senator from Indiana [Mr. JENNER], who originally introduced the bill—is to increase the secondary market from 25 percent of the portfolio to 50 percent.

We have taken title I from the Taft-Ellender-Wagner bill, which deals almost exclusively with what is known as title I, class 3 homes. There are very few of those in large cities; they are rural and semirural homes. We have increased the loan limitation from \$3,000 to \$4,500. The T-E-W bill increased the authorization from \$165,000,000 to \$175,000,000. In this bill we have increased it to \$200,000,000. In other words, there is a \$35,000,000 increase in the authorization. The loan being a 10-percent loan, the increase of value of low-cost homes covered by this increase would total \$350,000,000. Again, that is aimed toward inducing the contractors to get down in the low-cost housing field.

I think we have one of the most important sections of the bill, from a long-range standpoint, on page 74, starting in line 18, entitled "Standardized Building Codes and Measurements." As all Senators know, the Joint Housing Committee, which spent many thousands of dollars traveling across the country attempting to study thoroughly the housing situation in order to find out what the really serious road blocks in the way of housing were, agreed, I think, unanimously, that one of the most serious road blocks in the way of low-cost housing is the greatly outmoded cost-increasing restrictive codes in some 2,000 different metropolitan areas. We feel that this has contributed to keeping the building industry roughly 50 years behind the times.

We think this situation cannot be corrected except with some Federal cooperation, so in this bill we set up within the Housing and Home Finance Agency a section whose sole job will be to work toward the standardization of codes and the standardization of measurements and building materials. That, of course, calls also for some research, which will cost money, how much we do not know, but regardless of how much it costs we feel it will be money very well spent. It will call for research in connection with accomplishing these two objectives, namely, standardization of codes and standardization of building materials. It does not call for any other research except that type of research.

We have taken the yield-insurance program from the T-E-W bill in toto and put it in this bill on page 75. There is a great deal of difference of opinion as to how much good this yield-insurance program may do. So far we have met with no one who says it will do any harm. As Senators know, simply stated, the yield-insurance program merely says to the equity investor—not the man who

borrow money, but the equity investor, "If you will build rental units and set the rent to yield roughly 3½ percent on the investment, we will guarantee you a 2¾ percent return." It is not anticipated by our committee or by the Bureau of the Budget that this will cost the taxpayer a single cent. A number of insurance companies say this will induce them to come into the rental market and start to producing cheaper rental housing.

Mr. WATKINS. Mr. President, will the Senator yield?

Mr. McCARTHY. I yield to the Senator from Utah.

Mr. WATKINS. Has the committee made a study to determine whether or not the renters can pay the rent which will yield the rate of interest the Senator is mentioning on the money invested by the trust funds?

Mr. McCARTHY. How low in rentals the equity investor can get I do not know. In one city he may produce rental units which will rent at \$60, in another city rental units which will rent for \$35 or \$40. We know that if we take the formula the FHA uses in setting rents on section 608 projects, and compare that with the formula used in setting rents under the yield insurance plan, there will be a saving of 20 percent, I think it is, at any rate, it is a substantial saving. These are not my figures, they are figures from the Department, and I have used them in the Record heretofore.

Let me briefly explain. In setting the rental on the section 608 projects, in view of the fact that the builder must borrow the money and pay interest on it, and pay insurance, they must set a higher return than as though he were using his own money. The return is roughly 6 or 6½ percent, according to the formula used. Actually if one will sit down and take his pencil he will find it is 8 or 9 percent. In other words, in the section 608 projects rental units are being produced in which the rents are set to yield an 8 or 9 percent return. If we can get investors to come in under this yield insurance section of the bill, we will have rental units on which the return will be only 3 or 3½ percent, and it will produce units that will rent for less money.

Mr. WATKINS. If the rental is not sufficient to make the return, the United States Government then will have to pay the difference, will it not?

Mr. McCARTHY. We have gone into this matter very thoroughly, and the Bureau of the Budget has gone over it. If times are even seminormal, or even with a depression, it is not estimated that this will cost the taxpayers anything, for the reason that the returns are set to yield 3½ percent.

Mr. WATKINS. I do not think the Senator caught my question. Assuming that the rentals, with the premiums, or whatever is charged for the insurance, are not sufficient to take care of what will have to be made up under the insurance program, the Treasury of the United States will have to make up the difference, as I understand.

Mr. McCARTHY. If we had a depression so great that these rental units were empty, or if the renters could not pay a

rental to yield 3½ percent, the Treasury Department would have to make up that deficit. Before that happens, however, every section 608 project in the vicinity will be empty, and the Government itself will be really in the housing business. So that before it costs us anything under the yield insurance plan we can be quite certain that we will have taken back every section 608 project. I do not think that will happen.

Mr. WATKINS. My observation is that in the event the returns on rentals are not sufficient to make up the insured income, the Treasury Department will have to take care of it, anyway, and it will in effect be a subsidy.

Mr. McCARTHY. That is correct, I will say to the Senator, but—

Mr. WATKINS. What is the difference between that and the public housing provision under which some help is provided for the low-income group?

Mr. McCARTHY. First let me give the reason for yield insurance. Many insurance companies under their charters, under their contracts with their policyholders, under various State laws, cannot go into the field of building rental housing. This type of bill will enable them to do that. There have been very extensive studies, starting back with the Taft committee in 1944, and as yet we have had no witness come before the committee and say that this plan will cost the taxpayer money. Now with that unanimity of feeling I cannot feel that we need to be too disturbed about it. There is no doubt that if we get such a depression that every apartment house in the country is empty, and every renter is unable to pay his rent, then certainly this project will cost money. But if that time comes, we would not be much disturbed about this matter.

Mr. WATKINS. I will ask the Senator whether a study has been made to determine whether or not these apartments can be rented at a sum which the low income group can pay, and which will still yield the amount of guaranteed return?

Mr. McCARTHY. Such a study has been made. I might say we are deeply indebted to Columbia University for the aid it gave. They lent us Mr. Jones full time. They gave us unlimited help. I will say that a study has been made, and that all of us who gave some time studying this particular proposition are fully convinced that the equity investor who is satisfied to take 3½ percent on his money can produce rental units for less than the man who borrows money and pays 4½ percent, pays an insurance premium, and who must make a profit. The purpose of this is to get cheaper rental units, and try and get equity money in the market. As we all know there is practically no equity money in the market today and I think until we do get equity money into the market we will have difficulty in getting rents down.

Mr. WATKINS. Has the Senator received any explanation from firms or institutions which have this type of money as to whether they are willing to enter into a program of this kind?

Mr. McCARTHY. At the time of the hearings on the original Taft-Ellender-Wagner bill only one of the insurance

companies said it would commence building under this particular program. Since that time we went over the matter with all the major insurance companies to find what their objection was to the yield insurance program in the original T-E-W bill. They had some minor objections, none of any great importance. They were mostly questions of book-keeping. We think we have successfully met those objections. We have been led by various insurance companies to believe we have done so. While we have no firm commitments by any insurance companies that they will start to build, we feel that this program will at least open the door to let them come in and build. In other words, we are in a position where nothing can be lost and everything can be gained.

Mr. WATKINS. Is it the Senator's opinion, then, that this particular provision will furnish the means for housing such as the public housing feature of the T-E-W bill seeks to provide?

Mr. McCARTHY. Very definitely not.

Mr. WATKINS. It is not intended to accomplish that purpose?

Mr. McCARTHY. Very definitely not. At least it would not provide rental units for the group that I would like to see taken care of by way of public housing.

We have the same salary provisions that were in the T-E-W bill that was passed by the Senate, and we also have a provision for the eviction of over-income tenants in the present 190,000 public housing units. We do not provide that they must be evicted instantly. We provide that the FPHA, the local housing agency, shall evict them in an orderly manner, and I understand they have a program of evicting 5 percent each month on 6 months' notice.

I have one amendment which I have taken the liberty of adding to the bill without having first consulted the other two members of the subcommittee. I do not believe they are present. If they disagree with this amendment, I shall feel forced to remove it from the bill. I hope they will agree to it.

First, I propose to give the reason for the amendment. I have had countless numbers of veterans and veterans' wives call on me and tell me that they go to these federally financed projects. They apply for an apartment. Everything is all set. They can get the apartment until they make the mistake of saying that they have one or two children. Once they mention children they are ruled out as far as getting an apartment is concerned.

The main reason why we are furnishing these liberal loans to stimulate the production of rental housing is so that the veterans and their families and the rest of our lower-income groups can be properly housed, and if a man can apply for a Federal loan, take advantage of all these Federal funds, and then say, "I am going to defeat the purposes of the bill by having an absolute bar against anyone who is raising a family," then there is no need of passing any housing legislation at all.

I shall read my proposed amendment:

Provided further, That no mortgage shall be insured under section 608 of this title unless the mortgagor certifies under oath

that in selecting tenants for the property covered by the mortgage he will not discriminate against any family by reason of the fact that there are children in the family, and that he will not sell the property while the insurance is in effect unless the purchaser so certifies, such certification to be filed with the Administrator; and violation of any such certification shall be a misdemeanor punishable by fine of not to exceed \$500.

In closing, Mr. President, I will say that while I, myself, supported the slum-clearance provision, spent weeks drafting what I thought was a good slum-clearance provision, while I supported the public housing provision as it was finally written, and I voted for it then, and I would vote for it again. I will say I know the one way in which we can kill all housing legislation and make sure that there will be no housing legislation at this session, is to include a public housing and slum-clearance provision in the bill.

Mr. BREWSTER. Mr. President, will the Senator yield?

Mr. McCARTHY. I yield.

Mr. BREWSTER. I have been very much interested in reading the program of Mr. Eccles for preventing inflation, and in connection with housing I notice this provision in his program:

Housing: The Federal Government should not, by what seem to me political reasons, encourage a housing program in excess of the amount of labor and materials available and encourage further inflationary trends.

I should like to ask whether or not the Senator from Wisconsin feels that the measure he proposes does take those trends into account.

Mr. McCARTHY. What we have tried to do is to redraft the bill in the light of what has happened since the original introduction of the bill, taking into account the inflationary forces. That is the reason why we have liberalized the loans on the lower cost housing. We tried to tighten up the credit on the more expensive homes.

Mr. BREWSTER. So as to encourage the more moderate classes of homes, having consideration for the so obviously limited supply of materials that the President's board reported was available.

Mr. McCARTHY. That is true. And in effect what I think it will do, is to channelize the scarce materials into the cheaper, lower cost homes, because if a contractor cannot sell a \$14,000 or \$16,000 home under the liberal loan provision that we all of us had in mind some time ago—if we say, "You can no longer get these liberal loans for the expensive homes, but we will make the loans more liberal for the homes that cost five or six or seven thousand dollars," what will happen is that the scarce material will be channelized into that type of housing where it is most needed.

Mr. President, I think that covers substantially all the bill. Again I urge the Senate—

Mr. CAIN. Mr. President, will the Senator yield?

Mr. McCARTHY. I yield.

Mr. CAIN. Would it be safe for any Senator to conclude that the Senator from Wisconsin is in fact recommending the passage at this time by the Senate of

an improved Taft-Ellender-Wagner bill, less public housing and slum clearance?

Mr. McCARTHY. I think that is a fair statement. I might say that we had the very intelligent assistance of the Senator from Ohio [Mr. Taft] in redrafting the sections of the bill, keeping in mind his view that some provisions of the original bill were very inflationary.

Mr. FLANDERS. Mr. President, will the Senator yield?

Mr. McCARTHY. I yield.

Mr. FLANDERS. The things which are left out of the committee print are those he mentions, namely, urban redevelopment and public housing; also farm housing; also a strong provision for research in the reduction of housing costs, rather than the limited provisions in this bill.

Mr. McCARTHY. Let me call the Senator's attention to the fact that he and I and the Senator from Virginia [Mr. ROBERTSON] and the Senator from Ohio [Mr. Taft] met prior to the introduction of the original Taft-Ellender-Wagner bill. The Senator and I agreed—in fact, all four of us unanimously agreed—that the farm-housing section of the Taft-Ellender-Wagner bill was the most badly drafted section of the bill, that it was not really a farm-housing provision at all. The Senator and I agreed at that time with the Senator from Virginia and the Senator from Ohio that instead of submitting that type of inadequate, badly thought out, so-called farm-housing legislation we should strike the farm-housing provision, and that in place thereof we should have a section to the effect that the Housing and Home Finance Agency and the Agriculture Department should study the question of farm housing and recommend to the Congress what they would consider a sensible farm-housing provision, in the light of the changed conditions since the farm-housing section was drafted in 1944.

Let me make this clear: I am not criticizing the farm-housing section as of 1944. Perhaps as of that time it might have been well, but the Senator and I agreed that it should not be in the Taft-Ellender-Wagner bill, so I wish the Senator would not use that as an argument against what we are doing here.

Mr. FLANDERS. But the Senate disagreed with us.

Mr. CAIN. Mr. President, will the Senator yield?

Mr. McCARTHY. I yield.

Mr. CAIN. In the opinion of the junior Senator from Wisconsin title VII, covering farm housing, was very badly drawn, was it not?

Mr. McCARTHY. Very badly drawn in the light of conditions of 1948, not in the light of 1944 conditions, when it was originally drawn.

Mr. CAIN. Yet title VII appears to be presently before us, as a result of the action which a majority of the Banking and Currency Committee took this morning. Is that correct?

Mr. McCARTHY. That is correct.

Mr. CAIN. Did the Senator from Washington correctly understand the Senator from Wisconsin to say that he and the Senator from Vermont have been in agreement that that title should be

stricken from what has always been called the Taft-Ellender-Wagner bill?

Mr. McCARTHY. The Senator from Vermont [Mr. FLANDERS], the junior Senator from Wisconsin [Mr. McCARTHY], the senior Senator from Ohio [Mr. TAFT], and the Senator from Virginia [Mr. ROBERTSON] met in the Banking and Currency Committee room, and we agreed that instead of having that particular section in the bill we should substitute a section providing for study by the Housing and Home Finance Agency and the Department of Agriculture. I am sure that if the Senator from Vermont will sit down and study the farm-housing section he will be as convinced as I am that it is completely deceptive, and that it would do the farmer no good at all. It was drafted in 1944.

Mr. FLANDERS. Mr. President, will the Senator yield?

Mr. McCARTHY. I yield.

Mr. FLANDERS. I should like to suggest to the Senator from Wisconsin that he should address his objections to that provision not to me, but to the United States Senate, which put it in the bill.

Mr. McCARTHY. Mr. President, in closing—

Mr. CAIN. Mr. President, will the Senator yield?

Mr. McCARTHY. I yield.

Mr. CAIN. Let me return for a moment to my original inquiry. Is it the opinion of the Senator from Wisconsin that the recommendation to which he is presently addressing himself includes every possible incentive to the acceleration of housing construction in this country?

Mr. McCARTHY. In the lower-price field. There is no incentive whatever for the construction of more expensive homes. I think it includes every conceivable incentive for the production of low-cost homes.

Mr. CAIN. The Senator is asking the Senate, therefore, for a good many reasons, temporarily to lay aside the controversial social and welfare questions of low-rent housing and slum-clearance, in favor of enacting legislation which will immediately accelerate housing construction.

Mr. McCARTHY. Yes; and I am asking the Senate to take into consideration the condition which exists as of today. If we vote public housing and slum clearance into a bill, regardless of how wholeheartedly we may favor those two things, that means that we shall have no housing legislation at all, because I know that the House leadership is not bluffing when it says, "We will not take any public housing or slum clearance." I had hoped that it would at least take slum clearance. I think the proposed slum-clearance program is a good, sensible program, which we should ultimately adopt. I believe that ultimately we should adopt a public-housing program. But I believe that we should make an about-face as to the type of tenants to whom the units are made available. But I do not believe that anything is to be gained by going into a lengthy discussion of that question.

I may be mistaken, but I understand that there will be introduced, either by the Senator from Ohio [Mr. TAFT] or

some other Senator, at the beginning of the next session, a long-range public housing and slum-clearance provision. I hope to work with other Senators on that program. I hope that possibly a sensible slum-clearance-public-housing provision, either along the lines of the present Taft-Ellender-Wagner bill, or along the lines suggested in the Republican platform, which is a different program, will be enacted.

Let me repeat that if we put slum clearance and public housing into this bill, we are saying to the 800 veterans who have deposited \$1,000 each to get an apartment in the Bell Park Gardens—

Mr. TOBEY. Mr. President, will the Senator yield?

Mr. McCARTHY. Let me finish. We shall be saying to those 800 veterans, and saying to a countless number of other veterans all over the country, "This year you shall not have housing, because of our feeling that unless we can get public housing and slum clearance we will not take anything." Despite the fact that the Senator from New Hampshire [Mr. TOBEY], the Senator from Vermont [Mr. FLANDERS], and every other Senator, so far as I can determine, wholeheartedly endorses every single provision in my proposed amendments, I think it would be extremely short-sighted and vicious for this body to say to the veterans of this country that because of our emotional feeling about public housing—and I know that the Senator from New Hampshire is very sincere—we are not going to take any housing. We shall be saying to those veterans, "We are not going to help you at all unless we can get a few federally owned and operated apartments."

I now yield to the Senator from New Hampshire.

Mr. TOBEY. Mr. President, addressing myself to the distinguished Senator from Wisconsin, there are two or three subtitles which I wish to take up with him.

The first is his dogmatic statement—I know that he is sincere—that unless we take this bill, we can get nothing. On that basis he has been assiduously interviewing Senators and trying to get votes by saying, "If you do not take this, you get nothing." That is very far from the truth. I challenge that statement. Where is the authority for it? Who told the Senator that?

Mr. McCARTHY. I will give the Senator my authority.

Mr. TOBEY. Come across.

Mr. McCARTHY. I am sure that if the Senator will check the matter he will agree with me. I have been informed that the majority of the House Rules Committee will not at this time take a bill with public housing or slum clearance in it. I am sure that they are serious.

Mr. TOBEY. I know that they are serious. So am I.

Mr. McCARTHY. I believe that the Senator also feels that they are serious.

Mr. TOBEY. Yes.

Mr. CAIN. Mr. President—

Mr. McCARTHY. Let me finish—

Mr. CAIN. Mr. President, will the Senator yield in order that I may ask a ques-

tion of the Senator from New Hampshire? Was it not—

The PRESIDENT pro tempore. To whom does the Senator yield? Will Senators please address the Chair?

Mr. TOBEY. The Senator from Wisconsin yielded to me, did he not?

Mr. McCARTHY. Let me yield first to the Senator from New Hampshire.

The PRESIDENT pro tempore. The Senate will be in order.

Mr. McCARTHY. The Senator from Wisconsin yields to the Senator from New Hampshire.

Mr. TOBEY. *On that basis I address myself to the Senator from Wisconsin, and ask him who is this House leadership. Who are they? Is it JESSE P. WOLCOTT, Representative from Michigan? Is it RALPH A. GAMBLE, of New York; is it JOSEPH W. MARTIN, JR., the Speaker of the House? Who is it? I ask the Senator from Wisconsin to name them.

Mr. McCARTHY. I shall be glad to do so. There is no question about this matter. I think Representative Wolcott represents the majority in the House of Representatives in matters of housing, and he has authorized me to say that they simply will not accept public housing provisions. He told us this, and the Senator from New Hampshire was present, I believe. He said, "We will give you gentlemen of the Senate a blank check in drafting housing legislation if you will keep out of this bill provisions as to public housing and slum clearance, and if you do not go too far in the research section."

Both the Senator from New Hampshire and I may disagree as to the wisdom of that; we may think that the gentleman from Michigan [Mr. WOLCOTT] should be in favor of public housing and slum clearance. But the point is that, as of today, we face a situation in which we shall not get housing legislation of any sort unless we proceed along those lines.

Mr. TOBEY. Mr. President, I have a feeling of compassion in my heart for the Senator from Wisconsin for what is coming to him right now. What he is saying to us, Mr. President, is that some pooh-bah in the House of Representatives has said to us, "Unless you take this, you get nothing."

Mr. McCARTHY. Oh, no.

Mr. TOBEY. That is what the Senator said he said.

Let me complete my statement, Mr. President. Does not the Senator know that the entire House Banking and Currency Committee voted out the bill with public-housing and slum-clearance provisions in it; but then, by the subtle influence of some leadership over there, which I think I can name, they went to the chairman of the Rules Committee and told him what should be done, and he obeyed the orders; and as a result, the will of the people and the democratic process are set at naught, and one man's will is to rule; one man, sitting at the door of legislation says, "They shall not pass."

Mr. President, in this democracy of ours, if we are to see to it that, as Lincoln said at Gettysburg, "Government of the people, by the people, and for the

people shall not perish from this earth," then I say that if we bow to that challenge from the House of Representatives and let them put this over, then every piece of legislation coming to the Senate in the future can be the subject of similar high-handed, high-binding methods. Mr. President, for myself I refuse to accept it.

The Senator from Wisconsin knows that the bill containing public-housing and slum-clearance provisions was reported by the House committee; but now it is strangled in the Rules Committee of the House of Representatives, and the will of the Senate and of the House committee and of the people of the country is thwarted.

Mr. McCARTHY. The Senator should not scold me.

Mr. TOBEY. I was simply telling the Senator.

Mr. McCARTHY. Let me make clear that I did not intend, and never have intended, to intimate that the chairman of the House Banking and Currency Committee, Representative WOLCOTT, speaks for himself alone. I think he is speaking for a vast group of Republicans.

Mr. TOBEY. I will tell the Senator who he is speaking for.

The PRESIDENT pro tempore. The Senator will please address the Chair.

Mr. TOBEY. I addressed the Chair. I wanted to tell the Senator who they were.

Mr. McCARTHY. I ask the Senator to wait just a minute, please.

As I said, Representative WOLCOTT is speaking for the majority; and there are a number of Members of the House of Representatives who have been firmly convinced that, in view of the tremendous shortage of building materials, it would be disastrous to the home-building program if we were now to commence a public-housing program. They look at the present administration of many of the public housing units. For example—begging the pardon of the Senator from Michigan—they can look at the unit in Detroit, in which until 3 months ago at least, a man making \$24,000 a year was living—in a subsidized apartment—and was paying \$45 a month for it, while at the same time we had come before us at our committee hearings in Detroit any number of veterans' widows who had 2 or 3 children and were living with them in one-room, basement apartments. There are in that project a considerable number of men making over \$10,000 a year, while veterans are walking the streets, looking for a place in which to live. One veteran told me he was paying \$15 a week for one basement room for himself and his wife and their two children—while a man making over \$10,000 a year was paying \$45 a month for this subsidized housing.

Mr. TOBEY. Mr. President, will the Senator yield to me?

Mr. McCARTHY. I yield.

The PRESIDENT pro tempore. The Senate will please be in order.

Mr. TOBEY. Mr. President, will the Senator yield?

Mr. McCARTHY. I yield.

Mr. TOBEY. I thank the Senator.

The Senator has aroused my righteous indignation. I share with him the same

kind of indignation that he has for such an extravagant situation as the one he has described, but the Senator from Wisconsin knows that is not a matter related to this bill. That is a matter of administration, and it can be corrected as such. It does not involve this proposed legislation.

Will the Senator from Wisconsin please confirm the statement I make now; will he please state whether I am correct in saying that the House Banking and Currency Committee, chairmaned by the Honorable JESSE WOLCOTT, of Michigan, reported the bill with public housing provisions in it and slum clearance provisions in it; and is it the Senator's understanding and knowledge, and is it not confirmed now by me, that thereafter the House Rules Committee said, "Regardless of whether it was reported by the committee, it will never come up on the floor of the House"; and the Senator himself was told, "It is either this or nothing."

If that be true, and if we accept it and act in accordance with it, the democratic processes will have gone by the wind. The Senator knows that to be so. JESSE WOLCOTT is a friend of mine, and I esteem him highly; but he is not alone in this matter. In my opinion, it is a triumvirate; it is the Speaker of the House, JOSEPH W. MARTIN; and CHARLES HALLECK, of Indiana, sometime candidate for President; and JESSE WOLCOTT. Those are the big three, and they issue the dictum, "They shall not pass."

I suggest that if we bow to them we shall be saying, "Whenever you want to block something in the future, just play the same game."

Mr. President, let us find out who is running this country. If we accept the attempt that is made in this case, the result of our action will be that the people will be the victims of an oligarchy composed of from one to three men.

Mr. McCARTHY. My point is—and the Senator will agree with me, I think—that if no housing legislation is passed, that will be just as bad—

Mr. TOBEY. Let me say—

Mr. McCARTHY. Mr. President, I refuse to yield until I finish this sentence.

I started to say that the men who have been mentioned by the Senator from New Hampshire are highly respected by me. I think the Senator's statements are very unfortunate. The Members of the House of Representatives who take that position are just as serious in doing so as we are in taking the position that we take. As a matter of fact, they have good reason to feel justified in their position. When they look at the situation in public housing, as I have said, they find that the situation is extremely foul. We cannot blame the present Administrator too greatly, I believe. The conditions which brought about the present situation were largely beyond his control. During the wartime period we had a great parade of public housing administrators. We had thrown into public housing many jobs and different kinds of bookkeeping systems, all of which helped create the present chaotic condition. But the point is that today, when those men look at public housing they see that it is not being administered as it should be. They

know it is not being administered for the individuals about whom the Senator is concerned. They find that public housing is now being administered for the benefit of a favored few.

The matter of money is important. The General Accounting Office called in what they considered to be one of the top accounting firms. The Members of the House of Representatives can look at the report of that accounting firm, which shows that, as of that time, the Public Housing Administration kept no record of receipts, no record of expenditures, no record of accounts due, no record of accounts payable. They can look at those matters; and they can find, for example, that someone in the Public Housing Administration entered on the books an item of \$647,000, or thereabouts; and when questioned about it by a committee headed by one of the Democratic Senators, that man said, "Well, we had to enter it to balance the books." That is the type of administration that has been had.

Moreover, they can look at reports to the effect that in the Los Angeles area, \$97,000 worth of lumber and scarce material simply disappeared; and when the Administrator was questioned about it and was asked whether he knew whether it went to someone's lakeshore home, or was stolen, or just what happened to it, he said, "I do not have any idea."

When those men see public housing so badly administered, I do not think we can question their motives when they say it will not solve the housing problem to give that same administration additional billions of dollars and when they refuse to accept public housing.

I think it is very unfair of the Senator from New Hampshire to question the motives of the Members of the House of Representatives who take a position contrary to his.

I repeat that if, as the Senator from New Hampshire says, those men are blocking housing legislation in the manner in which the Senator from New Hampshire claims they are, then the Senator from New Hampshire also is blocking it by saying that unless we pass public housing legislation we shall have no housing legislation.

Mr. TOBEY. The Senator yields to the defense. The charge made by the Senator from Wisconsin is that the Senator now speaking is equally guilty with the triumvirate or anybody else in the House in blocking housing legislation. That is the charge. Here comes the answer. The fact remains that nothing of the sort is true in the slightest degree. All the Senator from New Hampshire is trying to do in his Committee on Banking and Currency is to report a bill reflecting the views of the Senate, a bill thrice passed by the Senate embodying both slum clearance and public housing. I may say, after having conferred with the Senator from New York [Mr. Ives], that he is in favor of the bill.

What the Senate is going to do is this: They are going to pass a separate bill tomorrow, which will be in accordance with their views. The matter will be taken care of 100 percent.

Coming down to the question of unfairness, all I ask is that the fairest thing

in the world, the democratic process, be enthroned in this day and generation under the Capitol dome. All we ask for is that the bill be passed here by the Senate, be sent to the House, and go to conference. Under the rules of the House and Senate, that is where it should go.

But the distinguished Senator from Wisconsin said, "I know it never will go to conference; they will not let it." So we are met with the dictum, "You can not take this bill to conference", and the democratic processes are set at variance, in effect nullified. Let the bill pass in the Senate and go to conference; then let the minds of the conferees work, and let them produce what we want, which is a piece of legislation pro bono publico. That is what we propose to do. If that is unfair, make the most of it. I can not follow the Senator.

Mr. McCARTHY. If the Senator from New Hampshire will bear with me, he speaks of the democratic processes. We have certain rules in the House, the same as here. There is a rule that the bill must go to the Rules Committee. If the Rules Committee sees fit, it will report the bill and it will go to the floor. That rule has been in existence ever since the establishment of Congress. It has been in existence under both Democratic and Republican administrations. We have never seen fit to change the rule.

Mr. TOBEY. We have nothing to do with it here.

Mr. McCARTHY. Let me say that if the majority of the Rules Committee say the bill shall not go to the floor, it will not go to the floor. That is the democratic process—the majority rule. The majority of that committee feel as strongly, if not more strongly against the recent use of public housing than you feel for it. Apparently the majority of that committee are committed against public housing as it is now administered. That is their right. They feel this program should not be passed at this time.

I call the Senator's attention to this, and I ask whether if I am correct: If we pass the public-housing section, that will not produce a single unit within the next year. If I may refresh the Senator's memory on that, we have had testimony before us. I am sure if he will check with the FPHA they will tell him so. They will tell him the only public-housing units that can possibly be activated before July 1 of next year would be some of the 15,000 units that had been planned but not built prior to the war. They will tell the Senator, I am sure, that not a single public-housing unit can be obtained within the next year, if this bill is passed.

Mr. TOBEY. Mr. President, will the Senator yield on that point?

Mr. McCARTHY. I yield.

Mr. TOBEY. I thank the Senator.

Everything is a matter of growth. The child from conception through the 9 months in the mother's womb, until it is born into this world, is a matter of growth. The apple blossom, up to the fully matured fruit, is a matter of growth. Legislation that starts with a great objective for human happiness and human prosperity is a matter of growth. We conceive the idea, we pass a bill in the Senate; the House passes it, the President signs it, and it becomes a law and,

lo and behold, the mechanics are started whereby a great, Nation-wide slum-clearance project can come into effect. Of course it takes time, but it is elementary that the longer we wait, the longer it will take.

Mr. McCARTHY. The Senator from New Hampshire and I must agree that if he is successful he will have done perhaps more than anyone else to make it impossible for these 800 young men, veterans in Bell Park Gardens, to live in decent homes as well as other hundreds of thousands of veterans in a like situation. Do not get me wrong. I am not accusing the Senator of malice. I do not know of any man who has a warmer heart than the Senator. I hate to see it so badly misdirected.

If I may close on this, I may say that if the Senator is successful in carrying through the line of action which he is now advocating, it will mean there will be thousands, perhaps millions of veterans who simply will not have a decent place in which to live, as the result of the action taken by the Senate here today. We have a bill before us, of which I am sure the Senator heartily approves. I am sure he will agree that it will channelize scarce materials into the construction of cheaper homes. I am sure the Senator will agree with me that if my bill is passed, many veterans next year will be paying less rent than they would pay had this bill not been passed. I am sure the Senator will agree with me that under my bill an unlimited number of veterans' cooperatives can be established for the production of cheap housing, both for rental and for sale, and that, unless the bill is passed, that will be impossible. Again I say that with the great consideration which the Senator has for the poor man, realizing that this is a poor man's bill, he help us get it through the Senate even though it does not contain everything he desires. In view of the consideration which the Senator has for the poor man, I sincerely hope he will reconsider and will not take action which would endanger any and all housing legislation at this time.

Mr. FLANDERS. Mr. President, will the Senator yield?

Mr. McCARTHY. I yield.

Mr. TOBEY. Mr. President, will the Senator yield for 30 seconds only?

The PRESIDENT pro tempore. Does the Senator from Wisconsin yield; and if so, to whom?

Mr. McCARTHY. I yield the floor.

Mr. TOBEY. Will the Senator from Wisconsin yield to me?

Mr. YOUNG rose.

Mr. TOBEY. Mr. President, I inquire who has the floor.

The PRESIDENT pro tempore. The Senator from New Hampshire, if he addresses the Chair, or the Senator from North Dakota, if he addresses the Chair. The Chair recognizes the Senator from New Hampshire.

Mr. McCARTHY. Mr. President, did the Senator from North Dakota wish me to yield for a question?

Mr. YOUNG. No; I have a speech I should like to make.

Mr. TOBEY. I shall be through in a minute.

Mr. President, the Senator from Wisconsin does not move me a bit by his

impassioned plea, because his premises are entirely wrong, and therefore his conclusions are wrong. All these things for veterans about which he talks are in the bill the committee offers, including the uniform building codes, the agreements about materials. Nothing is lost. They are in the bill. But so far as this question goes, let us get down to brass tacks. The bill provides a mutual housing proposition for veterans. That is not going to be lost. It is going to go through. The Senator from New York knows it is going to go through, and so does the Senator from Wisconsin. I will state how it is going to go through.

Mr. IVES. Mr. President, will the Senator yield?

Mr. TOBEY. I am glad to yield.

Mr. IVES. I do not think the Senator from New York knows that it is going to go through.

Mr. TOBEY. He knows it is intended to go through.

Mr. IVES. The Senator from New York has been advised that the committee of which the distinguished Senator from New Hampshire is chairman is going to consider it, and that it is expected the committee will vote favorably upon it. The Senator from New York hopes very much that it will be passed by the Senate.

Mr. TOBEY. I think that, as nearly as anything is certain beyond death and taxes, I can assure the Senator it will be passed. He has a good case. We in the committee are all for it, and it will go through. It will not be lost. Nothing virtuous or good or fine or worth while in housing will be lost by passing the bill the Senator from Vermont and I sponsor and which the Senate has passed thrice before.

So I want to thank my colleague for his many courtesies in yielding. Under great stress of tempers and dispositions the best of feeling prevails. I make the prediction that tomorrow at 1 o'clock when it comes time for the portcullis to fall, the distinguished Senate will live up to its custom, its mores, and its work last May, that it will again pass the Taft-Ellender-Wagner bill and send it to the House, and say, "Let the housing bill go to conference, under the democratic processes, or else let the responsibility be on your heads."

Mr. MORSE. Mr. President, will the Senator yield?

Mr. TOBEY. I yield.

Mr. MORSE. I should like to call the attention of the Senator from New Hampshire to Senate bill 2927, a bill which I have already introduced in the special session of the Congress, dealing with GI housing. I should appreciate it very much if the Senator overnight would give his personal attention to the bill. It is the present intention of the junior Senator from Oregon to offer Senate bill 2927 tomorrow as a substitute for title II of the bill which the Senator has reported. I do not want to take time tonight to discuss it, but I have had inserted in the RECORD my reasons for supporting Senate bill 2927. I would appreciate it if my good friend from New Hampshire would check it over so we may discuss it tomorrow morning prior to the convening of the Senate.

The particular portion of title II of the bill to which I take exception will be found on page 28, line 12, providing that no loan may be purchased if made prior to the effective date of the act. The difficulty which confronts the GI's involves the accumulation of loans in the banks in connection with purchases prior to the effective date of the act, and unless they can find a secondary market for their paper the GI's will not be helped very much by title II of the Senator's bill.

Mr. TOBEY. Mr. President, I find that the bill to which the Senator adverts was not referred to the Committee on Banking and Currency, but to the Committee on Labor and Public Welfare.

Mr. MORSE. I am a member of that committee. The bill was made ready at a late hour yesterday afternoon; in fact, at the very close of my speech yesterday on another subject I introduced the bill along with my explanatory remarks. It has been impossible to get a meeting of my committee in time to attempt the consideration of the bill. I am sure there will certainly be no serious objection on the part of the Senate or of the chairman of the Banking and Currency Committee to looking over the bill to see the points it contains involving the provision of the Senator's bill in connection with the subject.

Mr. TOBEY. I shall be very glad to do that, and will guarantee to give an answer to the Senator in the morning. I hope to be able to cooperate heartily.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. TOBEY. I yield to the Senator from Washington.

Mr. MAGNUSON. Mr. President, I was not in the Chamber during the prior discussion, but was present during most of it. Do I correctly understand that there has been a public announcement by the chairman of the House Banking and Currency Committee, the Speaker of the House, and the Rules Committee that if the Senate shall pass the bill—the passage of which was one of the reasons we were called into session—involving and containing provisions relating to slum clearance and public housing, the House will not accept the bill? Is that correct?

Mr. TOBEY. The Senator from Wisconsin [Mr. McCARTHY] said he was told by Representative Wolcott that the bill would not go to conference and the democratic process would not be carried through.

Mr. McCARTHY. Mr. President, will the Senator yield?

Mr. TOBEY. I yield.

Mr. McCARTHY. I have been told that a majority of the Rules Committee are against it. I have a definite impression that that is a correct statement. We also can canvass our Banking and Currency Committee to find out what type of legislation will come through, and we find that nothing but a bill with public housing can pass thru that committee. I tried to make similar canvass of the Rules Committee of the House. I am told that for what are considered by them good and sufficient reasons they will not pass a public housing bill which, during a period of scarcity, might disrupt the whole building industry. Whether they are right or wrong, I do

not know, but that is the way those men feel, and they do have some good reasons to feel that way. I know a majority of the committee will not favor a bill which contains public-housing and slum-clearance provisions. I think every Senator here knows that to be so. Every Senator knows, if the Senator from New Hampshire is successful on the floor of the Senate in having his amendment accepted, that there will be no housing legislation passed by the House.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. TOBEY. I yield.

Mr. MAGNUSON. I want to inquire of the Senator from Wisconsin whether it is the case—I do not say it is not the case—that since the Senate has on many occasions expressed a desire to have in a housing bill slum clearance and public housing in some degree, why it would not be better for the Senate to have the members of the Rules Committee turn down the Senate measure? I hope the Senator from Wisconsin will answer that question.

The PRESIDENT pro tempore. Does the Senator from New Hampshire yield to the Senator from Wisconsin? The Chair would like to have the debate proceed in order, if it is humanly possible.

Mr. TOBEY. The Senator from New Hampshire gladly yields to the Senator from Wisconsin.

Mr. McCARTHY. Mr. President, the Rules Committee of the House has already turned down such a bill. If we send it to them the second time I am firmly convinced they will do the same thing again.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. TOBEY. I yield.

Mr. MAGNUSON. Then the public is to understand that the reason public housing and slum clearance are not in the housing bill is because a majority of the Rules Committee is opposed to it. I think we ought to get this clear. Is it a majority of the committee, or a majority of the Members of the House?

Mr. McCARTHY. Do not ask me to delve into the minds of the Representatives. We both know that the Rules Committee has once refused to report the Taft-Ellender-Wagner bill. It is completely senseless therefore, in the closing days of this session, to say we will give them the same measure in the hope that they will change their minds.

Mr. MAGNUSON. Mr. President, I am not arguing the merits of the question. I want to place the responsibility for the failure of slum clearance and public housing where it belongs, not on the United States Senate, which has approved such measures, I think, three times.

Mr. TOBEY. Mr. President, let me say to the Senator from Washington and to my friend from Wisconsin that the Rules Committee turned thumbs down. Let it stand that way; but let us send the bill over and let it go to conference. There is nothing dogmatic in our position. We should let the conference prevail. Is not that correct?

Mr. MAGNUSON. That is correct.

Mr. FLANDERS. Mr. President, will the Senator yield?

Mr. TOBEY. I yield.

Mr. FLANDERS. In spite of the fact that I have been listening with the greatest care, even when two or three Senators were speaking at once, the thing which is not clear in my mind and on which I should like to interrogate the Senator from Wisconsin is this: Has notice been served upon us that the House will not allow a bill to go to conference which contains provisions regarding public housing and urban redevelopment?

Mr. McCARTHY. I have been served no notice. Any one who will read the RECORD will know that we now have a housing bill before us, a bill which the House Rules Committee has already refused to report. The Senator's solution of the housing shortage is to send the House the same bill which the Rules Committee, exercising the power which it is entitled to exercise, has refused to report. I have been informed by Representative Wolcott that a majority of the Rules Committee has not changed its mind. From my contact with the Rules Committee, I do not believe the members have changed their minds. I have not been served any public notice by anyone.

Mr. FLANDERS. May I inquire whether the Senator knows it to be a fact that the Rules Committee has no authority over the question whether a conference will be granted in the case of a difference between the two Houses on the subject?

Mr. McCARTHY. I should suggest that the Senator ask one of the older parliamentarians that question.

Mr. FLANDERS. May I inquire of any Senator who has any knowledge on that subject?

Mr. TOBEY. I yield to the Senator from Washington for the purpose of answering the Senator from Vermont.

Mr. MAGNUSON. Mr. President, I have had some experience in the House. I know of no time when the Rules Committee has had any authority to determine whether a bill should go to conference.

Mr. TOBEY. Mr. President, I think the RECORD will show that some time ago the Senator from Wisconsin said he was authorized to state that the bill would not go to conference. I think the Senator has told me in debate that he was told by the chairman of the House Banking and Currency Committee that the bill would not go to conference.

Mr. McCARTHY. Mr. President, will the Senator yield?

Mr. TOBEY. I yield.

Mr. McCARTHY. I am firmly convinced that the bill would not go to conference. I know that a majority of the members of the House Rules Committee are against the Senator's idea of what should be contained in a public-housing bill. The majority does not know of any emergency calling for the construction of more public housing to be administered as the present units are being administered. We both know that we can pass a good housing bill which will help the poor man. We know that if we send over to the House again the same bill which we sent there previously, there will be no housing legislation.

The PRESIDENT pro tempore. Will the Senator from New Hampshire permit

the Chair to submit what he believes to be a pertinent observation?

Mr. TOBEY. I should be delighted.

The PRESIDENT pro tempore. The Chair has not interrupted the debate, because no point of order has been made, but the Chair feels, in fairness to the rules of the Senate and to the Senate, and by way of suggestion to the Senators themselves, that one of the very fundamental points in our established procedure is that Senators shall not refer to Members of the other branch of the Congress or to proceedings therein.

There is no specific rule on the subject; but Jefferson's Manual, as carried in our own manual, and as used as guidance for our conduct, reads as follows:

It is a breach of order in debate to notice what has been said on the same subject in the other House, or the particular votes or majorities on it there, because the opinion of each House should be left to its own independency, not to be influenced by the proceedings of the other; and the quoting them might beget reflections leading to a misunderstanding between the two Houses.

May the Chair respectfully say that the precedents of the Senate are legion on this subject, and without a single exception of which the Chair is advised, whenever a point of order has been made against reference to Members of the other House, the point of order has been sustained. The Chair could put a number of decisions of that character into the RECORD if it were deemed desirable.

There can be no question about the nature and extent of these precedents. The Chair feels that there has to be some latitude in the application of the precedents and procedures when, as in the present instance, it is the question of some pertinence, in respect to our own discussion, as to what the attitude of the House may be. But the Chair would like to beg of Senators, in continuing this debate, to stay, so far as possible, within the spirit of this clear and essential rule, so that if a point of order is subsequently made Senators will not be taken by surprise.

The Chair submits these observations in the greatest of good faith and without any reflection on any Senator.

Mr. TOBEY. May the Senator from New Hampshire say that he thanks the distinguished President pro tempore of the Senate for his admonition, and for his tolerance in this debate? The only excuse or justification the Senator from New Hampshire would have would be that he has a deep, passionate, and earnest feeling in the matter, because when I reflect that this very far-reaching piece of legislation has three times come before the Senate, of which I am proud to be a Member, and the Senate has three times passed the legislation, it is difficult to keep from projecting my mind across the Capitol when I see barriers raised, and from almost saying, "Thou art the man, the guilty person."

Without more ado, I guarantee to the distinguished presiding officer that I shall be governed entirely by his admonition, and I thank him for calling my attention to the matter.

The PRESIDENT pro tempore. The Chair thanks the Senator from New Hampshire.

Mr. YOUNG obtained the floor.

Mr. MYERS. Mr. President, will the Senator yield?

Mr. YOUNG. I have been waiting since almost high noon to make a 10-minute speech, and I am rather reluctant to yield further.

Mr. MYERS. Very well.

PRICES OF AGRICULTURAL COMMODITIES

Mr. YOUNG. Mr. President, I desire to address myself briefly to two of the points which President Truman gave as his reasons for the calling of this special session of Congress.

The first point I wish to discuss is the long-range agricultural bill requested by the President in his special message. Apparently Mr. Truman, because of his heavy political schedule in recent weeks, overlooked the fact that Congress had passed a long-range farm program which was signed by him. That bill, in my opinion, was the most constructive piece of legislation that any Congress had passed for many years looking toward the future security of those engaged in the farming occupation. It had then and has now the complete support of all three major farm organizations.

It is a bit difficult to understand why the President would now be asking for a long-range farm program when one has already been passed which meets with the complete approval of the farmers of the United States and the major farm organizations, and I should like to state that it had nearly the unanimous support of the Republicans in both Houses.

The second point to which I wish to address myself briefly is on the matter of alleged high prices for farm commodities, also covered in President Truman's call for a special session of Congress. Mr. President, I ask unanimous consent to have inserted in the RECORD a front-page story in this morning's Washington Post under the following headlines: "Hog prices reach new high; Brannan asks positive action."

The PRESIDENT pro tempore. Is there objection?

There being no objection, the article was ordered to be printed in the RECORD, as follows:

CONGRESS GETS WARNING—HOG PRICES REACH NEW HIGH; BRANNAN ASKS POSITIVE ACTION

While live hog prices were setting a new all-time high at Chicago yesterday, Secretary of Agriculture Brannan told Congress meat prices will go higher through the summer "unless some positive action is taken."

Hog prices at Chicago hit \$31.50 a hundred pounds, 40 cents above the previous high mark reached Monday. Continued scarce supplies from country feeders accounted largely for the upturn.

Brannan told the Senate Banking Committee meat supplies will continue tight and added:

"We can expect little relief from the price pressures now current until the closing months of 1949."

The committee is studying the anti-inflation program recommended by President Truman. Republican leaders have said Congress will not provide the President with the rationing and price control authority he asked last November and again at the extra session.

Brannan insisted an analysis of the current situation indicates immediate measures should be taken to bring "meat prices under control and to make meat available to all our people."

"We are handicapped by the fact that the necessary authority to do this was not granted last November, or even last January," he said.

Brannan said meat consumption is likely to average somewhat lower next year than in this, perhaps about 140 pounds per person, compared with the estimated current rate of 145 pounds.

The Secretary said the principal reduction will be in beef. Pork supplies, he said, should be somewhat larger and all meat prices are likely to "average higher next year than this year."

Brannan said average per capita food consumption in the Nation will run about the same in 1949 as in 1948. This is about 12 per cent above that of the prewar years 1935-39.

Meanwhile, the Agriculture Department said Thanksgiving turkeys will cost more than ever this year. The holiday birds retailed at about 60 cents a pound last November here in Washington.

The Department also said there is no prospect of lower chicken and egg prices before next year.

Mr. YOUNG. This article, Mr. President, is based on the testimony of Secretary Brannan before the Senate Banking Committee yesterday. Mr. Brannan, according to this article, told the Banking and Currency Committee that immediate measures should be taken to bring meat prices under control and to make meat available to all our people. "We are handicapped by the fact that the necessary authority to do this was not granted last November or even last January," he said. This position taken by Secretary Brannan indicates either a total lack of information on the past program of the United States Department of Agriculture relating to food production or it is a statement that only a pure demagog would make while in possession of the facts, as I believe Mr. Brannan was. I believe Mr. Brannan is fully aware of the fact that the United States Department of Agriculture in setting its goals for 1948 production of grains and all meats actually asked for a drastic reduction. Mr. President, let me quote from the first paragraph of a press release put out by the United States Department of Agriculture as of October 22, 1947:

A national goal of 50,000,000 pigs for the spring of 1948 was suggested to farmers today by the United States Department of Agriculture, which at the same time re-emphasized its request for feeding hogs to lighter weights. This goal compares to the 1947 pig crop of 53,000,000 pigs, a reduction of 3,000,000 or nearly 6 percent.

Mr. President, I ask unanimous consent to have inserted at the end of my remarks the full press release by the Secretary of Agriculture.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and it is so ordered.

(See exhibit A.)

Mr. YOUNG. Mr. President, the United States Department of Agriculture deliberately set out about a year ago to reduce the supply of not only pork but all other meats. The farmers complied with these regulations, and as a result, we are now short of meat and consequently prices have risen. In this same bulletin setting 1948 production goals for farmers, the United States Department of Agriculture asked for the following

additional reduction in food supplies. Let me quote just a part of them:

Egg production, 1947 goals, 4,559,000 dozen of eggs; 1948 goal, 4,200,000 dozen. Chickens to be raised, 1947 production, 742,047,000; 1948 goal, 693,104,000; turkeys, 1947 production, 34,667,000; 1948 goal, 30,507,000—

That was actually requested by the Department of Agriculture—

slaughter cattle and calves, 1947 production 36,000,000; 1948 goal, 32,000,000.

Mr. President, I have tried to demonstrate that the United States Department of Agriculture clearly set out a year ago to reduce the meat supply available to the American people for 1948. Some of it perhaps was justified to make more grains available for European aid, but I sincerely object to statements such as that by Secretary Brannan yesterday which are designed to appeal politically to the consumers of the United States without telling them the true facts.

Let us see if all this reduction in meat supplies was justified even for European aid, in the light of present circumstances. On July 1, 1947, we had a carry-over of 83,813,000 bushels of wheat and on July 1, 1948, we had a carry-over of 194,890,000 bushels. Thus while the administration was planning to reduce the meat supplies available to the consumers, they actually, through total lack of wisdom and understanding, created nearly 2½ times the wheat carry-over of a year ago—a wheat carry-over which is already burdensome to American wheat producers. That extra carry-over of wheat would have raised enough hogs to have provided all the extra meat American consumers wanted.

Mr. President, the American farmer is doing his level best to meet the consumers' needs, and I think doing a remarkable job of it; one which would never be accomplished if price controls were again placed upon products which the farmer produces. For example, in 1938, after 5 years of New Deal administration, the average consumption of meat in the United States was 126 pounds per person. In 1947, even though handicapped severely by the war years, the farmers made available to the consumers 155 pounds of meat per person, or a gain of nearly 30 pounds for every man, woman, and child in the United States. Secretary Brannan, even though he has no farm background, should know as Secretary of Agriculture that it takes several months to increase the production of poultry. The production of pork can be tremendously stepped up within a period of only a year. In the matter of beef, that is a longer range program. The imposition of price controls would very seriously hamper increased production of beef, and, in my opinion, would only stave off the evil day.

This Nation is favored with one of the biggest grain crops ever produced in its history. European grain production also is practically double that of last year. This abundant grain crop can and will produce abundant and reasonably priced meats for the consumers of the United States if not hampered and restricted by price regulations, and, even worse, ill-advised United States Department of Agriculture programs.

Mr. President, to give some indication of how drastic the grain prices have dropped in the last 6 months, let me read the following telegram received yesterday from R. F. Gunkelman, one of the leading grain dealers in North Dakota. This telegram was in response to a request on my part to give me grain prices as of February 1, 1948, and as of August 1, 1948. The telegram reads:

FEBRUARY 1.

MILTON R. YOUNG,

United States Senate:

January 31 Card Fargo heavy wheat, \$2.71 plus, up to 38 cents protein premium; No. 2 yellow corn, \$2.35; top malting barley, \$2.53; No. 3 white oats, \$1.19; No. 2 rye, \$2. Today's close same. Grains: Wheat, \$1.95, protein premiums up to 36 cents—

That is a drop of about \$1 a bushel in wheat, or approximately 30 percent—corn, \$1.68—

Which is very much below 6 months ago—barley, \$1.33—

Again about 30 percent reduction—oats, 55 cents—

Which is about a 50-percent reduction—rye, \$1.34. Grain markets demoralized due to heavy receipts.

R. F. GUNKELMAN.

Mr. President, this telegram gives a clear picture of how grain prices have dropped in the last 6 months, and even in the face of this production and abundant supplies, the President of the United States is asking for price controls when he, coming from a farm State, should know that these abundant and far cheaper grains will automatically be translated in a matter of months into abundant meat supplies—that is, if not hampered, as I stated, by a police state of regulations.

Perhaps I should go a bit further to state that practically all grain prices are below parity. That means under yardsticks set up by the United States Congress practically all grains are now below the cost of production, and in several instances below support levels. The answer to abundant and reasonable food prices is not to be found in either police-state regulations or special sessions of Congress called for purely political reasons. All we need to do is to let the farmers produce as they want to, unhampered by administration goals which in one year seek to reduce the food supplies of the American consumers, and when they have accomplished these goals

of reducing supplies, then to ask for price controls. The answer, in my opinion, is a constructive program not only of increased production of meats but, all other food supplies.

This can and will be accomplished if the administration does not again actually ask for short supplies.

Greatly increased poultry supplies can be had within a matter of months. Pork supplies can be greatly increased within a matter of a year, and beef supplies, through large-scale feeding of the abundant and cheaper supplies of grain, will also, in the matter of 6 months, greatly increase.

It does not, Mr. President, require a political session of Congress to accomplish this. All we need is a little common sense and constructive action on the part of the administration. Demagogic speeches by administration officials high in the United States Government designed purely as an appeal for votes from uninformed people is doing a real injustice not only to the United States farmer, who is doing a remarkable job in producing foods, but also to the consumers and all else concerned.

EXHIBIT A

SPRING PIG GOAL FOR 1948 IS ANNOUNCED

A national goal of 50,000,000 pigs for the spring of 1948 was suggested to farmers today by the United States Department of Agriculture, which at the same time reemphasized its request for feeding hogs to lighter weights. This goal compares to the 1947 pig crop of 53,000,000 pigs, a reduction of 3,000,000 or nearly 6 percent.

Officials stated that much larger quantities of grain could be saved by feeding hogs to lighter weights this winter and next spring than by asking for a greater reduction in pigs to be produced next spring. They said the suggested figure is the highest level of 1948 spring pig production they believed could be justified as a goal in view of the extent to which drought cut the 1947 corn crop and considering the present and prospective needs of European nations for cereals. On the other hand, they emphasized, that with prospects for smaller output of other meats in 1948-49, pork production for that period should be maintained at as high a level as can be justified with available feed supplies.

In setting the goal of 50,000,000 pigs, the Department recognized that, in view of the present feed situation, this number is about as many as can be expected next spring, and it is not likely that a goal requesting more would be attained. Officials pointed out that 1948 spring pigs will make our pork and lard supply from October 1948 through March 1949 and will get the greater portion of their feed from the 1948 corn crop, which with average weather would be much larger than this year's crop.

1948 goals with comparisons

Livestock	1937-41 average	1942-46 average	1947 indicated	1948 suggested goal	Percent 1948 goal is of—		
					1937-41 average	1942-46 average	1947 indicated
Milk produced on farms.....mil. lbs.	107,855	119,179	120,000	120,000	111	101	100
Eggs produced on farms.....mil. doz.	3,255	4,552	4,559	4,200	129	92	92
Hens and pullets on farms Jan. 1.....thous. head.	376,596	477,714	436,535	400,000	106	84	92
Chickens raised (farm produced).....do.	665,430	866,443	742,047	690,104	104	80	93
Turkeys raised (farm produced).....do.	30,636	37,162	34,667	30,507	100	82	88
Sows to farrow, spring.....do.	7,534	9,502	8,709	7,936	105	84	91
Spring pigs.....do.	46,801	59,130	53,151	50,000	107	85	91
Cattle and calves on farms Jan. 1.....do.	67,488	82,114	81,050	76,352	113	93	94
Slaughter.....do.	24,643	31,390	36,000	32,000	120	102	89
Sheep and lambs on farms Jan. 1.....do.	45,879	43,464	32,542	31,500	69	73	97

AMENDMENT OF THE NATIONAL HOUSING ACT

The Senate resumed the consideration of the bill (H. R. 6959) to amend the National Housing Act, as amended, and for other purposes.

Mr. SALTONSTALL obtained the floor.

Mr. MORSE. Mr. President, will the Senator from Massachusetts yield?

Mr. SALTONSTALL. I yield.

Mr. MORSE. I ask the attention of the Senator from Wisconsin [Mr. McCARTHY] to the brief comment I am about to make. I call his attention, as I did that of the Senator from New Hampshire [Mr. TOBEY], to my bill S. 2927, which deals with GI housing problems. I would say to the Senator from Wisconsin that I would appreciate it if he would examine the bill between now and the session tomorrow, because I here and now reserve the right to offer S. 2927 as an amendment to his substitute bill, as well as to the housing bill reported to the floor of the Senate by the Committee on Banking and Currency.

It will not be possible to have a hearing on my bill S. 2927 by the Committee on Labor and Public Welfare between now and the time we meet tomorrow. A meeting simply cannot be arranged because many Senators are busy on other affairs; but we can, I think, since the subject matter is covered in two substitute bills now pending before the Senate, consider it on the floor of the Senate.

The reason I shall offer the bill as an amendment is that I think that neither one of the housing bills now pending covers the points which should be covered as presented in S. 2927, because they do not, in my judgment, give to the GI's the secondary market for their paper which they must have if they are going to secure the necessary loans from the banks with which to pay for houses, or build new houses.

Mr. McCARTHY. Mr. President will the Senator yield?

Mr. SALTONSTALL. I yield to the Senator from Wisconsin.

Mr. McCARTHY. I ask the Senator from Oregon [Mr. MORSE] if he will before tomorrow morning obtain an informal expression from the Veterans' Administration or the Bureau of the Budget, or some other agency, as to roughly the amount of authorization which would be required, and roughly the total amount of loans which would be covered by the Senator's bill. I have glanced over it three times and frankly I am confused as to the effect of the bill. I am not asking the Senator to do it tonight, but if he could before the Senate convenes tomorrow obtain an expression from some of the Government agencies, either the Bureau of the Budget or the Veterans' Administration, I would certainly appreciate it.

Mr. MORSE. I assure the Senator from Wisconsin that I shall endeavor to secure the information he desires.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. SALTONSTALL. I yield.

Mr. TAFT. I have not had the privilege of reading the Senator's bill. Of course we have in the pending legislation

a provision for secondary mortgages for GI loans. We are liberalizing the provision which was made during the last night of the last session. There is a danger involved in connection with this matter. There are now, counting FHA loans, something like \$7,000,000,000 of mortgage paper guaranteed by the FHA or by the Veterans' Administration in the hands of the banks. We simply cannot invite the Government to take that all over. The limitation contained in our bill is \$840,000,000, which goes fairly far. The Senator may think that the provisions are not quite liberal enough; yet there is serious danger that the banks will try to unload on the Government all the poorest veterans paper they have. I believe that members of the committee in both the House and Senate feel that the question must be approached with a great deal of care.

Mr. MORSE. Mr. President, will the Senator from Massachusetts yield to me?

Mr. SALTONSTALL. I yield.

Mr. MORSE. I certainly share the reservations expressed just now by the Senator from Ohio. As he knows, I being a member of his committee, we had those fears when the so-called Jenner bill was before us. However, I am advised—I hope correctly—that with some modification of lines 12 and 13 on page 28 of the bill we can meet the need for a secondary market now required by the veterans without running serious danger of having \$7,000,000,000 worth of such paper dumped on the market. All I can say is that the various veterans' organizations have called to my attention the fact that the bill we passed in the closing hours of the previous session of the Eightieth Congress is not giving the veterans the relief which they need by way of a secondary market.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. SALTONSTALL. I yield.

Mr. TAFT. I think the Senator is quite correct. Of course, this provision does liberalize the terms. It doubles the number that any bank may sell.

RECESS

Mr. SALTONSTALL. Mr. President, under the order already entered, I move that the Senate take a recess until 11 o'clock a. m. tomorrow.

The motion was agreed to; and (at 6 o'clock and 21 minutes p. m.) the Senate took a recess, the recess being under the order previously entered, until tomorrow, Friday, August 6, 1948, at 11 o'clock a. m.

NOMINATIONS

Executive nominations received by the Senate August 5, 1948:

UNITED NATIONS

The following-named persons to be representatives of the United States of America to the third session of the General Assembly of the United Nations, to be held in Paris, France, beginning September 21, 1948:

Warren R. Austin, of Vermont.
John Foster Dulles, of New York.
Anna Eleanor Roosevelt, of New York.
Philip C. Jessup, of New York.

The following-named persons to be alternate representatives of the United States of America to the third session of the General Assembly of the United Nations, to be held

in Paris, France, beginning September 21, 1948:

Benjamin V. Cohen, of New York.
Ray Atherton, of Illinois.
Willard L. Thorp, of Connecticut.
Ernest A. Gross, of New York.
Francis B. Sayre, of the District of Columbia.

HOUSE OF REPRESENTATIVES

THURSDAY, AUGUST 5, 1948

The House met at 12 o'clock noon.

Rev. C. Howard Lambdin, pastor of St. Luke's Methodist Church, Washington, D. C., offered the following prayer:

Our Father, which art in Heaven, we bow in quiet reverence before Thee today as we turn our minds to thoughts of highest levels. We desire to draw closer to Thee, that we might hear Thy voice giving us encouragement and wise guidance as we begin our activities in this day's session.

Our minds get disturbed and confused with many problems—hard-to-solve problems—and with many responsibilities—difficult and trying ones to our ways of thinking—yet, dear Father, we know we can come to Thee for that extra strength which we feel we need in the turmoil of these days.

We know that if we will but trust Thee Thou wilt see us through successfully, even through the hard places which seem to grow more numerous from day to day.

We ask Thy blessing on us all, and on all the peoples of our Nation whom we seek to serve honestly and with appreciation of their confidence in us. May we strive to do our part to bring about a real peace on earth, with good will toward men of all nations, and help to establish good feeling and brotherly kindness in the earth. We pray in Christ's name. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Nash, one of his secretaries.

ORDER OF BUSINESS

The SPEAKER. Owing to the business before the House today, the Chair will not entertain requests for 1-minute addresses, but will receive requests for extensions of remarks.

SPECIAL ORDER GRANTED

Mr. DONDERO. Mr. Speaker, I ask unanimous consent that, after the disposition of the business on the Speaker's desk and at the conclusion of special orders heretofore granted, I may be permitted to address the House for 12 minutes today.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

EXTENSION OF REMARKS

Mr. MERROW asked and was granted permission to extend his remarks in the

Appendix of the RECORD and include a copy of House Concurrent Resolution 190, introduced by him on April 27.

Mr. FOOTE asked and was granted permission to extend his remarks in the RECORD and include an article by George Sokolsky.

Mr. SMITH of Wisconsin asked and was granted permission to extend his remarks in the RECORD in three instances and include extraneous matter.

Mrs. ROGERS of Massachusetts asked and was granted permission to extend her remarks in the RECORD.

SPECIAL ORDER GRANTED

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent that today, after the business of the day and any other special orders, I may address the House for 5 minutes.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

EXTENSION OF REMARKS

Mr. LEWIS of Kentucky asked and was granted permission to extend his remarks in the RECORD.

Mr. TIBBOTT asked and was granted permission to extend his remarks in the RECORD and include an editorial.

Mr. MCGARVEY asked and was granted permission to extend his remarks in the RECORD and include a speech.

Mr. KEATING asked and was granted permission to extend his remarks in the RECORD and include a bill which he is introducing today.

Mr. CHURCH asked and was granted permission to extend his remarks in the RECORD in two instances, in one to include an editorial from the Chicago Tribune under the heading "The Fake Emergency," and in the other an editorial, The Great Blunder.

Mr. BRYSON asked and was granted permission to extend his remarks in the RECORD and include an article he prepared for the Christian Century magazine.

Mr. McMILLAN of South Carolina asked and was granted permission to extend his remarks in the RECORD and include a statement by the State-aid director.

Mr. LANE asked and was granted permission to extend his remarks in the RECORD and include a statement made by the minority whip, Hon. JOHN W. MCCORMACK, which appeared in the Newark Sunday News August 1.

TRAIN NEW TROOPS NEAR THEIR HOMES

Mr. LANE. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. LANE. Mr. Speaker, we are not at war, and there is no need for some of the practices which were considered advisable in the training of troops during the war.

I refer particularly to the Army's wartime method of breaking up the contingent of draftees from a city, town, or district and scattering it to points remote from the place of induction.

As an example, a man now employed as a secretary by me was sent with a group of 60 inductees from his home city of 85,000 population in Massachusetts to Camp Devens, also in Massachusetts, for 3 days. He was shipped to Miami Beach for basic training, and thence to Jefferson Barracks, Mo., for advanced training.

All this could have been done at Camp Devens or at one of the other training centers in New England.

Perhaps the Army's intent was to sever any lingering connection with homes immediately and completely. Perhaps it was to emphasize the national unity of our armed forces by assembling, as far as possible, a cross section of the Nation in each military unit. In any case, dispersion was realized.

During World War I, an original division like the Twenty-sixth or Yankee Division was composed almost entirely of Massachusetts men. Certain companies or batteries were made up of men coming from the same city. This developed a local or regional pride among the various divisions.

However, in the case of the man drafted from Massachusetts in World War II, who spent 6 months at Jefferson Barracks, Mo., which had a constantly changing military population of over 40,000, in all that time he met only 3 men from his home city in Massachusetts. And his city sent thousands of men to the Army.

We are faced with a far different situation today. We are simply training men for peacetime military service. They are not on the assembly line leading to inevitable combat. The inescapable urgencies of war are not with us.

I believe that one of the reasons why so many young men rushed to join the National Guard was not only to escape the continuous training and formal military life which they would be subject to as draftees but for the opportunity offered of taking such training at armories and camps either located in or near their communities.

Furthermore, they considered the National Guard as an arrangement whereby they could fulfill their obligations to national defense without interruption of their home life, their work experience, or their education.

There is no doubt that much of the opposition to the general idea of compulsory military training comes from the mothers of the United States. Unless the exigency of war is near and the need for such training is clearly and unmistakably evident, they oppose a policy which roots youngsters of an impressionable age out of their homes and into the segregated military life, divorced from the normal restraints and constructive influences of home life.

There are others, such as clergymen and educators, who fear that such dislocations would damage the social pattern of our national life.

It is not my purpose to argue against the idea of military training itself, because national defense requires a certain amount of cooperation and sacrifice.

Rather I seek some adjustment whereby the needs of the services will be met

without a complete severance of home ties.

To that end I ask that the Secretary of National Defense assure the Congress and the country of a change in policy whereby the trainee shall be assigned to a camp as close to his home as is possible.

This will enable the trainee to visit home at least on week ends or will enable his folks to visit him.

Such a recognition of human needs on the part of the military will do much to develop a democratic army and will strengthen relationships between the military and the civilians.

The young men and their families ask for this small concession which will not interfere with the training part of the preparedness program.

I cannot see how the military can object to it.

EXTENSION OF REMARKS

Mr. EBERHARTER asked and was granted permission to extend his remarks in the RECORD and include two editorials from the St. Louis Post-Dispatch.

Mr. KELLEY asked and was granted permission to extend his remarks in the RECORD and include an editorial.

Mr. MULTER asked and was granted permission to extend his remarks in the RECORD in two instances and include extraneous matter.

TALK, TALK, EVERYWHERE—BUT NOT A BIT OF HELP

Mr. MULTER. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. MULTER. Mr. Speaker, on July 27 this special session of Congress heard the President's message and his recommendations for action by this Congress to control inflation and to solve the housing problem. An apt description of what has transpired in Congress since, can be put in these words, "Talk, talk, everywhere—but not a bit of help." We have heard in the Halls of Congress, and on the radio, and read in the press, every conceivable reason for our distressing economic plight. Everyone and everything has been blamed for the soaring prices and the lack of housing, but no solution has been brought to the floor of this House in the form of a bill which it can enact into legislation.

Yesterday a motion was adopted, permitting the passage of legislation under a suspension of the rules which would preclude debate and amendments and preclude motions to recommit any bills that might be offered. The motion was offered we were told because we are now going into the closing days of this special session. The majority leader of the House then told us that he did not know what the program was for those closing days. I hate to think that the motion was offered and passed because those in control of this House are fearful that somebody might come up with a good idea and offer it as an amendment to a pending bill, as a result of which we might stop the rising cost of living or possibly solve the housing shortage.

Repeatedly on the floor of the House we have been told that this country is not suffering from a high cost of living, but that it is suffering from the high cost of government.

I have carefully reviewed the history of legislation in the Eightieth Congress. I have been unable to find any legislation proposed seeking to eliminate the cost of social security, of unemployment insurance, of veterans' benefits, or of national defense. Nor have I seen any proposed legislation providing that the members of one political party in Government office should be paid any less than the members of any other party. Nor have I seen a single piece of legislation providing for the elimination of any of the services that are so necessary to the proper management and operation of our Government.

Let us stop all this talk. Let us get down to business. Let us do something.

EXTENSION OF REMARKS

Mr. RIVERS asked and was granted permission to extend his remarks in the RECORD and include an editorial from the News and Courier, Charleston, S. C., of August 4.

Mr. ANGELL asked and was granted permission to extend his remarks in the RECORD in two instances and include excerpts in each.

Mr. JAVITS asked and was granted permission to extend his remarks in the Appendix.

THE LATE HONORABLE W. W. VENABLE

The SPEAKER. The Chair will state that he will make one exception to the rule previously announced, in order to permit the announcement of the death of a former Member.

The Chair recognizes the gentleman from Mississippi [Mr. WINSTEAD].

Mr. WINSTEAD. Mr. Speaker, the people of Mississippi, and especially the Fifth Congressional District, were saddened and grieved to learn of the passing on Monday, August 2, 1948, of a former Member of this House, and one of our most distinguished and beloved citizens, the Honorable W. W. (Webb) Venable, who served the Fifth Congressional District of Mississippi, which I now have the honor of representing, from January 4, 1916, to March 3, 1921.

Judge Venable began the practice of law in Meridian, Miss., where he formed the firm of Bordeaux and Venable. He served as prosecuting attorney of Lauderdale County from April to October 1910, at which time he was appointed district attorney. On January 1, 1915, he resigned, having been appointed to the bench. He served as judge of the tenth judicial district of Mississippi from 1915 until his resignation in December 1916 when he was elected as a Democrat to the Sixty-fourth Congress to fill the vacancy caused by the death of Hon. Samuel A. Witherspoon. He was devoted to duty, and served ably and with distinction in every position to which he was honored.

In mourning his passing, the Meridian Star, one of Mississippi's greatest newspapers, stated:

Termed by the late President Woodrow Wilson as "one of the great statesmen of his time," Mr. Venable won national atten-

tion in the Congress for his ability in debate and oratory. His speech in defense of President Wilson after the end of World War I was considered one of the most classic addresses ever made before the Congress.

Throughout his life, Judge Venable was a student of law, literature, philosophy, and religion. He was a man of the highest Christian character, and for years before his death was a teacher of the Martin Bible class of the Clarksdale, Miss., Baptist Church. He was considered by all who knew him as one of the most outstanding attorneys in Mississippi. His passing has brought great sorrow to Mississippians, and our State and the Nation have lost one of their most distinguished citizens.

Mr. WHITTINGTON. Mr. Speaker, will the gentleman yield?

Mr. WINSTEAD. I yield to the gentleman from Mississippi [Mr. WHITTINGTON].

Mr. WHITTINGTON. Mr. Speaker, I join in paying tribute to the memory of William Webb Venable, late Representative from Mississippi, who was born in Clinton, Hinds County, Miss., on September 25, 1880, and died on August 2, 1948.

He was my devoted personal friend. We were classmates at Mississippi College, Clinton, Miss., where we both graduated in the class of 1898. The following year, we both attended the University of Mississippi, where he took a postgraduate course, and where I was graduated from the law department. After teaching school he was graduated from the law department of Cumberland University at Lebanon, Tenn., in 1905 and began the practice of law at Meridian, Miss. He was successively prosecuting attorney of Lauderdale County, district attorney, and circuit judge. He resigned as judge in December 1916 when he was elected from the fifth district to the Sixty-fourth Congress to fill the vacancy caused by the death of Samuel A. Witherspoon and reelected to the Sixty-fifth and Sixty-sixth Congresses. He served from January 4, 1916, to March 3, 1921. Upon his retirement from Congress, he moved to Clarksdale, Coahoma County, Miss., in the district that I represent, where he practiced law from 1921 until his death.

Judge Venable was well-prepared for the practice of law and unusually well-equipped for service as a Member of Congress. He was well-educated, and as a student of history and government was broadly and liberally informed. He was preeminently a student and well-versed in jurisprudence.

His father, the late Dr. A. A. Venable, was not only president of Mississippi College when he and I enrolled as freshmen in that institution, but was the teacher of Greek and theology. Like his father, he was a Baptist and a great teacher, having taught the Men's Bible class of the First Baptist Church at Clarksdale, Miss., for a quarter of a century.

Webb Venable was a good citizen. He was a patriot. He was devoted to his profession and to his country. No man was more greatly esteemed or highly respected in Mississippi than he.

He was an able lawyer, a capable statesman, and he was devoted to the service of the community in which he

lived and the State in which he resided. I counted him among my best friends for more than half a century. His passing is a distinct loss to Mississippi.

Mr. ABERNETHY. Mr. Speaker, will the gentleman yield?

Mr. WINSTEAD. I yield to the gentleman from Mississippi [Mr. ABERNETHY].

Mr. ABERNETHY. I too would like to join with my colleague from Mississippi in paying tribute to the memory of Webb Venable. It was not my privilege to know Mr. Venable so well personally but I knew him by reputation, and that reputation was indeed good. He was an outstanding figure in the political history of Mississippi. He was an outstanding lawyer. He was known as one of the most able lawyers ever produced by our State. He was a fair man and like his minister father before him, he was a Christian man. As evidence of his Christian leadership he taught the men's Bible class in the Baptist Church of Clarksdale, Miss., for many, many years.

Mr. Venable was generally recognized throughout Mississippi as a leader, as a good lawyer, and as a Christian character. I deeply mourn the passing of this outstanding Mississippian.

Mr. WILLIAMS. Mr. Speaker, will the gentleman yield?

Mr. WINSTEAD. I yield to the distinguished gentleman from Mississippi [Mr. WILLIAMS].

Mr. WILLIAMS. It was not my privilege to have known Judge Venable personally, but I will say that I was of course familiar, as every other Mississippian was, with the great work that he has done for the State of Mississippi and for the Nation. I join with my colleagues and friends and with the people of the State of Mississippi in mourning his untimely passing.

Mr. RAYBURN. Mr. Speaker, will the gentleman yield?

Mr. WINSTEAD. I yield to the gentleman from Texas.

Mr. RAYBURN. Mr. Speaker, it was my pleasure to serve with the distinguished former Member from Mississippi, Mr. Venable. I remember him as a young man. I think his ability as an orator has already been referred to. He made one of the most brilliant speeches during his short term as a Member of the House that I have ever heard on the floor of the House.

Mr. Venable was a fine man and a great American.

Mr. WINSTEAD. Mr. Speaker, I ask unanimous consent that all Members of the Mississippi Delegation may have the privilege of extending their remarks on this subject at this point.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

COMMITTEE ON LABOR

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent that a subcommittee of the Committee on Labor may hold hearings this afternoon during sessions of the House.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

EXTENSION OF REMARKS

Mr. McCORMACK asked and was given permission to extend his remarks in the RECORD in three separate instances and to include a speech by Assistant Secretary of State Allen, a radio address by Mrs. Dorothy Fuldheim, and a telegram from A. F. Whitney, president of the Brotherhood of Railroad Trainmen.

Mrs. LUSK asked and was given permission to extend her remarks in the Appendix of the RECORD and to include excerpts from a letter of a constituent.

MESSAGE FROM THE PRESIDENT OF THE UNITED STATES—LABOR-MANAGEMENT RELATIONS (H. DOC. NO. 738)

The SPEAKER laid before the House the following message from the President of the United States which was read and, together with the accompanying papers, referred to the Committee on Education and Labor and ordered printed:

To the Congress of the United States:

Pursuant to the Labor Management Relations Act, 1947, I am reporting to the Congress concerning a labor dispute which recently existed in the bituminous-coal industry.

The significant facts concerning this dispute may be summarized as follows:

The dispute involved the administration of a collective-bargaining agreement known as the National Bituminous Coal Wage Agreement of 1947, which was signed by the United Mine Workers of America and certain coal operators and associations. The dispute grew out of the dissatisfaction of the union with the failure of the trustees of the United Mine Workers of America welfare and retirement fund, established by the agreement, to begin the payment of benefits. In accordance with the terms of the agreement the union had appointed Mr. John L. Lewis as trustee of the fund, the operators had appointed Mr. Ezra Van Horn, and these two had selected Mr. Thomas E. Murray as the third trustee. The trustees were unable to agree upon any plan for the amount of benefits to be paid out of the fund or the eligibility of miners for such benefits. Mr. Murray therefore resigned from his office as trustee. The continued failure to begin payment from the fund resulted in a work stoppage.

On March 23, 1948, I signed Executive Order 9939, creating a Board of Inquiry pursuant to section 206 of the Labor Management Relations Act. I requested the Board to report to me on or before April 5, 1948. The Board held public hearings on March 26, 29, and 30, and filed its first report with me on March 31, 1948. That report advised me fully of the facts of the dispute and indicated that the stoppage had "precipitated a crisis in the industry and in the Nation as a whole." A copy of that report is attached.

I, therefore, requested the Attorney General, in accordance with the provisions of section 208 of the Labor Management Relations Act, to petition the United States District Court for the District of Columbia for an injunction. An injunction was granted by Justice T. Alan Goldsborough, of that court, on

April 3, 1948. It restrained the union from continuing the strike which the court then found was in existence, ordered the union to instruct all members to return to their employment, and further ordered the union and the operators to bargain collectively.

Following the issuance of the injunction on April 3, 1948, there was a gradual return of miners to work. Compliance with the provisions of that injunction and substantially normal production in the bituminous coal mines was obtained on or about April 26, 1948.

Soon after the issuance of the injunction of April 3, 1948, the Honorable STYLES BRIDGES was selected by the two remaining trustees as the new third trustee under the agreement. Mr. BRIDGES and Mr. Lewis, as trustees, approved a plan for beginning payment of benefits under the fund. Mr. Van Horn withheld his approval and challenged the legality of the action of the majority of the trustees in a proceeding instituted in the District Court of the United States for the District of Columbia. On June 23, 1948, Justice Goldsborough dismissed the complaint filed by Mr. Van Horn and held that the plan of Mr. BRIDGES and Mr. Lewis for beginning payment of benefits under the fund was legal.

As a result of the settlement of the dispute over the fund the Attorney General, pursuant to section 210 of the Labor Management Relations Act, requested the court to discharge the injunction. The injunction was discharged on June 23, 1948.

The Board of Inquiry was reconvened subsequent to the issuance of the injunction, pursuant to section 209 of the Labor Management Relations Act, and submitted its final report to me on June 26, 1948. A copy of the report is attached.

It should be noted that this dispute is distinct from that with respect to which I created a Board of Inquiry on June 19, 1948, by Executive Order 9970, and which made its report to me on June 24, 1948. That Board was created because of the imminent expiration of the 1947 contract between the United Mine Workers of America and the bituminous coal operators and the consequent threat of a stoppage of work. A new contract covering most of the industry was agreed upon by the parties prior to the expiration of the old contract and no injunction was sought. A new contract for the remainder of the industry was subsequently negotiated. Since the report of the second Board contains a comprehensive summary of the entire chain of events concerning both disputes, a copy of its report is attached to this message for the convenience of the Congress.

HARRY S. TRUMAN.

THE WHITE HOUSE, August 5, 1948.

The PRESIDENT,

The White House,
Washington, D. C.

JUNE 26, 1948.

MY DEAR MR. PRESIDENT: The Board of Inquiry appointed by you under Executive Order No. 9939 to consider a labor dispute between United Mine Workers of America and the coal operators and associations, pursuant to the national bituminous coal wage agreement of 1947, submitted to you a written report on March 31, 1948.

As reported by us, the dispute grew out of the failure to activate a trust fund for the payment of pensions to miners. This trust fund was created by said wage agreement of 1947, which also provided that three trustees were to operate and administer the fund. The trustees were to be appointed one by the miners, one by the operators, and these two to select a third trustee. The miners selected Mr. John L. Lewis; the operators Mr. Ezra Van Horn; and these two in turn selected Mr. Thomas E. Murray. The trustees were unable to agree upon a plan to activate the fund or any portion thereof for the payment of pensions. Mr. Murray resigned, and with Mr. Lewis and Mr. Van Horn in complete disagreement, the fund, amounting to over \$30,000,000 at that time, could not be activated, and out of this situation grew a work stoppage in the mines, as delineated in our report.

Since the filing of our report, Senator STYLES BRIDGES has been designated as a third trustee. Senator BRIDGES thereupon submitted a resolution for the activation of this trust fund for the payment of pension, and Mr. Lewis approved the resolution offered by Senator BRIDGES, but Mr. Van Horn withheld his approval. This led to the filing by Mr. Van Horn of a complaint against his fellow trustees in the District Court of the United States for the District of Columbia, in which complaint he challenged the legality of the action taken by his fellow trustees. On the 22d day of June 1948, the Honorable T. Alan Goldsborough, District judge, before whom said complaint was pending, entered a decree in substance validating the action taken by trustees Lewis and Bridges and entered summary judgment in their favor, dismissing the complaint of Trustee Van Horn.

We are advised that the coal operators signatory to the wage agreement of 1947 have accepted the action of Judge Goldsborough. The dispute over the activation of the trust fund for the payment of pensions has therefore been settled.

We are further informed that a satisfactory wage agreement has been negotiated between the operators and the miners for the year 1948, and all the matters in dispute have been adjudicated or negotiated to a final and satisfactory settlement.

Our final report is therefore concluded upon the settlement of this dispute by the parties. Respectfully submitted.

SHERMAN MINTON.
MARK ETHRIDGE.
GEORGE W. TAYLOR.

PROTECTING THE NATION'S ECONOMY
AGAINST INFLATION

Mr. WOLCOTT. Mr. Speaker, I move to suspend the rules and pass the joint resolution (S. J. Res. 157) to provide for the regulation of consumer installment credit for a temporary period, as amended.

The Clerk read as follows:

Resolved, etc., That in order to protect the Nation's monetary, banking, and credit structure, and interstate and foreign commerce, against increased inflationary pressures, the Board of Governors of the Federal Reserve System are authorized, notwithstanding the act of August 8, 1947 (Public Law 386, 80th Cong.), to exercise, up to and including March 15, 1949, consumer-credit controls in accordance with and to carry out the purposes of Executive Order No. 8843 (August 9, 1941) insofar as it relates to installment credit.

All the present provisions of sections 21 and 27 of the Securities Exchange Act of 1934, as amended (relating to investigations, injunctions, jurisdictions, and other matters), shall be as fully applicable with respect to the exercise by the Board of Governors of consumer installment credit controls as they

are now applicable with respect to the exercise by the Securities and Exchange Commission of its functions under that act, and the Board shall have the same powers in the exercise of such consumer installment credit controls as the Commission now has under the said sections.

SEC. 2. (a) The third paragraph of section 16 of the Federal Reserve Act, as amended, is amended by changing the first sentence of such paragraph to read as follows:

"Every Federal Reserve bank shall maintain reserves in gold certificates of not less than 35 percent against its deposits and reserves in gold certificates of not less than 40 percent against its Federal Reserve notes in actual circulation: *Provided, however,* That when the Federal Reserve agent holds gold certificates as collateral for Federal Reserve notes issued to the bank such gold certificates shall be counted as part of the reserve which such bank is required to maintain against its Federal Reserve notes in actual circulation."

(b) The first sentence of the fourth paragraph of section 16 of the Federal Reserve Act, as amended, is amended by striking out "25 percent" and inserting in lieu thereof "40 percent."

(c) Subsection (c) of section 11 of the Federal Reserve Act, as amended, is amended to read as follows:

"(c) To suspend for a period not exceeding 30 days, and from time to time to renew such suspension for periods not exceeding 15 days, any reserve requirements specified in this act: *Provided,* That it shall establish a graduated tax upon the amounts by which the reserve requirements of this act may be permitted to fall below the level hereinafter specified: *And provided further,* That when the reserve held against Federal Reserve notes falls below 40 percent, the Board of Governors of the Federal Reserve System shall establish a graduated tax of not more than 1 percent per annum upon such deficiency until the reserves fall to 32½ percent, and when said reserve falls below 32½ percent, a tax at the rate increasingly of not less than 1½ percent per annum upon each 2½ percent or fraction thereof that such reserve falls below 32½ percent. The tax shall be paid by the Reserve bank, but the Reserve bank shall add an amount equal to said tax to the rates of interest and discount fixed by the Board of Governors of the Federal Reserve System."

SEC. 3. Section 19 of the Federal Reserve Act, as amended, is amended by inserting after the sixth paragraph thereof the following new paragraph:

"Notwithstanding any other provision of law, the Board of Governors of the Federal Reserve System, in order to prevent injurious credit expansion, may by regulation change the requirements as to reserves to be maintained pursuant to this section against demand or time deposits or both (1) by member banks in central Reserve cities, or (2) by member banks in Reserve cities, or (3) by member banks not in Reserve or central Reserve cities, or (4) by all member banks; but no such change shall have the effect of requiring any such member bank to maintain a reserve balance against its time deposits in an amount equal to more than 7 percent thereof, or a reserve balance against its demand deposits in an amount equal to more than 29 percent thereof if such bank is in a central reserve city, 23 percent thereof if in a Reserve city, or 17 percent thereof if not in a Reserve or central Reserve city. No change in reserve requirements made under authority of this paragraph shall continue in effect after March 31, 1949."

Amend the title to read: "Joint resolution to aid in protecting the Nation's economy against inflationary pressures."

The SPEAKER. Is a second demanded?

Mr. SPENCE. Mr. Speaker, I demand a second.

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent that a second be considered as ordered.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

Mr. RAYBURN. Mr. Speaker, reserving the right to object, in view of the tremendous importance of this measure I was wondering if the gentleman from Michigan would agree or ask unanimous consent that the time may be extended somewhat more than 20 minutes on a side. A great many Members on this side, I will say to the gentleman, desire to make some remarks, not only extend their remarks in the RECORD.

Mr. WOLCOTT. Mr. Speaker, the leadership have told me that they have other things to do today. The issues in this resolution are quite simple and are, I think, quite well understood.

There are only three provisions in the resolution, one of which was discussed quite at length on the floor, with respect to the gold-reserve requirement. I do not know that there should be any objection to the reimposition of consumer-credit controls by the minority, because the President stressed the necessity for that in his message. That subject has been before the House on various occasions. The provision in the bill with respect to the increase in the reserves of the banks is a very simple problem which should not be controversial.

I hope the gentleman will not insist upon extending the time because of that situation. As a matter of fact, we have made statements to the Senate leaders that we would try to get this resolution over to them very early in the afternoon in order that they might have a committee meeting and determine what they would do, in the hope that they would be able to dispose of the matter this afternoon.

Mr. RAYBURN. It is not my purpose to make the request myself. I was wondering if the gentleman himself would make the request that we might have an additional 10 or 15 minutes on a side.

Mr. WOLCOTT. I am inclined to think at the present time that 40 minutes altogether would probably be ample to cover the whole situation.

Mr. McCORMACK. Further reserving the right to object, do I understand that the gentleman refuses to extend the time?

Mr. WOLCOTT. No request has been made to extend the time yet. I am not in a position at the present time to ask for unanimous consent.

Mr. McCORMACK. Will the Chair recognize a Member to ask unanimous consent to extend the time?

The SPEAKER. Another request is pending before the House at the present time. The question is, Shall a second be considered as ordered?

Mr. McCORMACK. I will not object to that.

The SPEAKER. Those are the parliamentary rules which the Chair must observe.

Is there objection to the request of the gentleman from Michigan that a second be considered as ordered?

There was no objection.

Mr. McCORMACK. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. McCORMACK. Will the Chair recognize me to submit a unanimous-consent request that the time be extended?

The SPEAKER. The Chair of course dislikes to refuse to put the request, but may he inquire if the gentleman from Massachusetts has consulted the majority leader about this?

Mr. McCORMACK. I have not.

Mr. HALLECK. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Indiana.

Mr. HALLECK. There has been no consultation with me about this matter at all. I say this in no way of criticism of the action of the minority leadership, but it came to me as a complete surprise. As the gentleman from Michigan [Mr. WOLCOTT] has pointed out, we hope to dispose of this matter and get it over to the Senate so action can be expedited. It has been said all along that this is a great emergency that requires prompt action. In addition, we have the United Nations proposal, in which there is much interest, and which we expect to dispose of today also. As far as I am concerned, I think, as the gentleman from Michigan has pointed out, that this matter has been debated, and the principles involved are known to all of us, and it seems to me that in the interest of expediting the work of the Congress and our work here today the time as allotted under the rules will be sufficient for the discussion.

Mr. McCORMACK. Mr. Speaker, continuing my parliamentary inquiry, I would never ask anything that I could not entertain myself. That is one policy I attempt to follow through life. Under the rules, 40 minutes of debate are allowed on this proposition. It seems to me that an extension to 1 hour, half an hour on a side, is not going to cause any serious delay, but it will give an opportunity for Members to be heard. It is not that we are thinking in terms of hours of debate, but a reasonable period should be allowed to give some Members the opportunity to express themselves. That is what I had in mind. I recognize that we should have gone to the majority leader, but there are times when the leaders on that side do not come to us, and we just accept that.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Pennsylvania.

Mr. RICH. Why not let the Members extend their remarks in the RECORD, and everybody will read them tomorrow, and it will have the same effect.

Mr. McCORMACK. I have such a warm regard for my friend from Pennsylvania that I would not undertake to give him the answer his inquiry would properly and from a tolerant angle deserve.

Mr. RICH. The gentleman should not hesitate to express himself.

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent, then, if the Chair will recognize me for that purpose—

The SPEAKER. The Chair will state that it having been developed, apparently, that unanimous consent will not be granted, he feels it would be unwise to ask it, when there is no possibility of its being granted.

Mr. McCORMACK. That is why I submitted my parliamentary inquiry.

Mr. SABATH. Do I understand the Members are precluded and denied the right—

The SPEAKER. The gentleman will submit a parliamentary inquiry.

Mr. SABATH. Are the Members denied the right to ask unanimous consent to extend the time? Have we not the right at least to ask that, and should that not be considered by the Speaker?

The SPEAKER. The Chair has stated that he feels that in view of the fact that it would be impossible to secure that unanimous consent it would be futile for the Chair to present the question.

Mr. SABATH. So the Chair rules on that theory—

The SPEAKER. The Chair has not made any ruling.

Mr. McCORMACK. A further parliamentary inquiry, Mr. Speaker.

The SPEAKER. The gentleman will state it.

Mr. McCORMACK. The Chair as a Member of the House himself adopts that position?

The SPEAKER. The Chair is not adopting that position, neither is he objecting to the extension to 1 hour. He is not the one who would object.

Mr. McCORMACK. Why not let me submit the unanimous-consent request so that the Chair will not be in the position of indirectly objecting?

Mr. Speaker, I ask unanimous consent—

The SPEAKER. The Chair has not recognized the gentleman for that purpose as yet. The Chair will state that he is at all times ready to assume his responsibility for the maintenance of the rules of the House.

Mr. WOLCOTT. Mr. Speaker, I yield 3 minutes to the gentleman from Ohio [Mr. SMITH].

Mr. SMITH of Ohio. Mr. Speaker, I had hoped that this bill would come up under a rule so that it might be subject to amendment. There are two provisions in the bill: One to change the reserve requirements of the Federal Reserve banks and put them back to their previous level—40 percent gold, so-called backing for Federal Reserve notes, and 35 percent for Federal Reserve bank deposits.

The claim is being made by the opposition that this would so contract the credit and currency as to seriously hamper the ability of the Federal Reserve Board to manage the Federal debt.

I want you to listen to these figures. The Federal Reserve has an excess of gold reserves at the present time amounting to \$4,600,000,000. There can be made available from the Treasury an additional \$1,300,000,000. The sum of the

two is capable of a credit expansion of anywhere between, roundly, seventy-four and eighty-nine billion dollars.

So the claim that is going to be made by the opposition that this would hamper the Federal Reserve authorities in their efforts to maintain the bond market and to control the Federal debt is without foundation.

The other provision in this bill has to do with installment credit. That is the provision which I would have asked to have stricken if the bill had been brought in so that it could have been amended.

What this bill does is to actually limit the purchasing power of those people who buy under the installment plan to about what it was in 1937. In other words, they cannot buy any more goods under this bill than they were able to buy in 1937.

As a matter of fact, per capita, they would be able to buy less, because of the increase in population. I believe that is hitting just a little bit too low below the belt.

I voted against the measure which reduced the gold reserves which were required to be held against Federal Reserve notes and Federal Reserve bank deposits. My position on this matter at the present time is this. The raising of the reserves to their previous level will have no effect on inflation or the ability of the Treasury to manage the Federal debt.

The SPEAKER. The time of the gentleman from Ohio has expired.

Mr. SPENCE. Mr. Speaker, I yield myself 5 minutes.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. SPENCE. I yield.

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to insert in the Record following the remarks of the gentleman from Kentucky [Mr. SPENCE] a statement by the President of the United States as well as copies of several telegrams from various labor organizations in connection with the housing legislation and the high-cost-of-living legislation.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

(Mr. SPENCE asked and was given permission to revise and extend his remarks and include a statement by Hon. Marriner Eccles, for many years Chairman of the Board of Governors of the Federal Reserve System, in regard to the pending bill.)

Mr. SPENCE. Mr. Speaker, the special session of the Congress has been called by the President for the purpose of enacting legislation that would aid in controlling the dangerous inflationary tendencies that now exist.

In his message he made 10 suggestions for legislation which he thought the Congress should enact in order that this dangerous condition might be controlled. Many of these proposals were incorporated in the bill H. R. 7062, which the Committee on Banking and Currency considered for a few days. But after consideration of that bill, as has been customary in that committee, an-

other and entirely different bill was drawn out of the hat. It was not considered by the committee. It was reported by a partisan vote.

This is the greatest problem for solution that has been submitted to the American people in a decade. It is a question that deserves the deep consideration of the Congress. It deserves their study and their deliberation, and yet it is brought to the House under a suspension of the rules, with 20 minutes' debate on each side, and with no opportunity to amend the bill. This character of consideration violates every democratic process.

This bill is totally inadequate to meet present conditions. The President has asked for bread and the Congress has again given him a stone. I think it is an affront to the intelligence of the Congress and every liberal principle that they only have the opportunity to vote this bill up or down after practically no debate.

I think I can say the Federal Reserve Board is utterly opposed to the bill. I have a devastating statement here from Mr. Eccles, in regard to some of the provisions of the bill, and in this respect he speaks for the Board. It is true the bill continues regulation W that would regulate installment buying and consumer credit. Those who have administered these measures say that that would be totally inadequate unless accompanied by other measures that would have the effect of controlling inflation.

The bill authorizes the increase in reserves against bank deposits by 3 percent. The member banks now have in their possession \$65,000,000,000 in Federal securities. They could sell about \$3,000,000,000 of those securities and comply with this increase in the reserves and still have \$62,000,000,000 in their portfolios. The effect of this increase would be negligible.

The bill provides that gold certificates against Federal Reserve deposits shall be increased from 25 percent to 35 percent, and that gold certificates against Federal Reserve notes shall be increased from 25 percent to 40 percent. This provision will eventually weaken the authority of the Federal Reserve System in supporting the bond market of the United States, which involves its faith and credit. After the last war the public indebtedness of the United States was about \$21,000,000,000 and the bonds of United States bore 4½ percent and were nontaxable. There was no support of these bonds by the Federal Reserve and they dropped to 80 percent of par. We can well feel a deep apprehension of what might result at the present time to Government securities yielding 2½ percent which are taxable when the public debt amounts to \$250,000,000,000 if the market support were removed.

It is a dangerous measure, one that may be fraught with great peril to the economy of America and one whose ultimate result cannot now be foreseen.

Because of the inadequate consideration of this bill and because of the perils that lurk in it, I shall vote against it.

The SPEAKER. The time of the gentleman from Kentucky [Mr. SPENCE] has expired.

Mr. SPENCE. Under the permission granted me, I include the statement of Mr. Eccles:

STATEMENT OF HON. MARRINER ECCLES BEFORE THE HOUSE BANKING AND CURRENCY COMMITTEE IN REGARD TO THE INCREASE IN THE GOLD RESERVES AGAINST FEDERAL RESERVE NOTES AND FEDERAL RESERVE BANK DEPOSITS

Restoration of the previous ratio of required gold certificate reserves held by Federal Reserve banks of 40 percent against Federal Reserve notes and 35 percent against Federal Reserve bank deposits has been proposed to your committee as an anti-inflationary measure. This proposal would make no contribution whatever to the fight against inflation. It would not sterilize new acquisitions of gold nor would it give the Federal Reserve System any additional powers to curb inflationary expansion of bank credit.

The present reserve requirements of the Federal Reserve banks stand at a uniform level of 25 percent. Congress established them at this level in consequence of the wartime expansion of currency and Reserve bank credit. The previous requirements of 40 percent against notes and 35 percent against deposits, incorporated in the Federal Reserve Act of 1913, were largely arbitrary.

To restore the prewar levels now would only entail needless operating difficulties for some of the Federal Reserve banks. The combined banks at present hold gold certificates amounting to 50.6 percent of their total note and deposit liabilities, or approximately \$6,000,000,000 in excess of the proposed higher requirements. Thus, they would not prohibit Reserve banks from providing member banks with additional funds on which to base a considerable further expansion of bank credit.

If Reserve banks were to be prevented by this device from issuing currency and member banks were thus unable to supply currency to their customers, it would precipitate the kind of money panic which the Federal Reserve System was created to prevent. Likewise, if the Federal Reserve System, because of an artificial limitation, were unable to supply credit to member banks, the results could well be demoralizing in the Government bond market.

Although the Reserve System as a whole has gold certificate reserves in excess of the proposed higher requirement, there is considerable variation among individual Federal Reserve banks. As a practical operating matter, these banks cannot permit the ratios to go down to the vanishing point and hence require a working margin of at least 3 percentage points.

If the higher requirement were restored, some Federal Reserve banks would have a substantial deficiency, others would be below or close to the necessary operating margin, while still others would have a large excess.

Reserve banks with a deficiency would be obliged to sell some of their Government securities to or to borrow from Reserve banks which had an excess. The reserve position of the individual Federal Reserve banks is constantly changing with seasonal and other movements of funds in the economy. Therefore, the proposal would entail operating difficulties and constant inconvenience without accomplishing any useful purpose.

Expansion or contraction of Reserve-bank credit should be determined by the needs of the economy and not by the amount of gold certificates which Reserve banks happen to have, which in turn is contingent upon international movements of gold.

Likewise, inability to supply credit to member banks would compel the System to withdraw support from the Government securities market and perhaps even to sell securities which it now holds at whatever prices or yields they would bring in the market.

The Reserve banks do not control the amount of currency which the public wishes to hold. It is the depositors of the banks and the recipients of checks who determine the volume of outstanding currency. They create the demand and member banks come to their respective Federal Reserve banks to obtain such amounts of currency as their depositors or others presenting checks may desire to have.

If the Reserve System were unable to meet demands for currency it would jeopardize public confidence and might lead to runs on banks and to hoarding of currency, such as occurred in 1931.

It is already within the System's power to invoke such drastic measures. The System has rejected such a course because of the possible disastrous effects on the entire financial situation of the country.

The proposal would appear to be designed to force the Federal Reserve System to abandon support of the Government securities market and thus bring about sharp increases in interest rates. It is inconceivable that Congress or the public desire either to create a run on the currency or collapse of the bond market. If that were the will of the majority, it should be done openly and frankly and not by indirection.

Mr. McCORMACK. Mr. Speaker, under the permission heretofore granted, I include the statement of the President:

STATEMENT BY THE PRESIDENT

AUGUST 5, 1948.

It now appears that the Eightieth Congress is determined to take no effective action on the proposals which I have submitted to curb high prices and to protect the average American citizen against the certain prospect of increased living costs.

I have been informed that the Republican leadership has decided that the Congress will not be allowed to consider really effective measures to stop high prices. Republican leaders reached this decision without obtaining the full information the administration was prepared to offer in connection with my recommendations. In fact, the chairman of the House Committee on Banking and Currency refused a request for three Cabinet members to be given an opportunity to testify before the committee.

The Secretaries of Agriculture, Commerce, and Interior were and are now prepared to testify. The Secretary of Agriculture was prepared to offer a program directed to the problem of excessive food prices. The Secretary of Commerce was prepared to discuss with the committee the question of shortages of industrial materials and what could be done to correct the situation. The Secretary of the Interior was prepared to submit a program dealing with the proper distribution and prices of coal, heating oil, and other fuels. The committee of the House refused to receive the views of these members of my Cabinet. In the absence of such basic information I do not see how the committee can make an intelligent decision on issues which so gravely affect the welfare of the American people and their standard of living.

Following the same pattern the Ways and Means Committee of the House refused to give any consideration to the recommendation for an excess-profits tax, which is necessary to offset the inflationary effects of the tax bill passed last spring. The chairman of this committee has not even called a meeting of the committee since the Congress reconvened.

It would appear that the Republican leaders are unwilling to extend to the Congress an opportunity to vote on the issues of direct price control, the authority to impose allocations and priorities, and the other elements of a balanced program which I submitted to the Congress, including provisions to strengthen and reinforce rent control.

It now appears that so far the Congress has failed to discharge the tasks for which I called it into special session. It is my hope, therefore, that the Republican leadership will reconsider their present plans for quick adjournment and will take action upon the recommendations I have submitted.

There is still time for the Congress to fulfill its responsibilities to the American people. Our people will not be satisfied with the feeble compromises that apparently are being concocted.

TELEGRAMS FROM THE AMERICAN FEDERATION OF LABOR

AUGUST 4, 1948.

To Senator TOBEY:

Press reports indicate that housing legislation is now being considered which would not include such essential features of the Taft-Ellender-Wagner bill as public housing, slum clearance, and rural housing. We strongly urge that your committee hold fast to all of the provisions of the Taft-Ellender-Wagner bill. If any housing legislation other than S. 866 should be considered by your committee we respectfully request that we be given an opportunity to state our views on this all-important question.

WILLIAM GREEN,
President, American Federation of Labor.

AUGUST 4, 1948.

To Congressman JESSE WOLCOTT:

Press reports indicate that housing legislation is now being considered which would not include such essential features of the Taft-Ellender-Wagner bill as public housing, slum clearance, and rural housing. This organization is strongly on record as favoring the Taft-Ellender-Wagner bill as it passed the Senate. If your committee should consider any housing legislation which does not include all of the provisions of the Taft-Ellender-Wagner bill we respectfully request that we be given an opportunity to state our views on this all-important question.

WILLIAM GREEN,
President, American Federation of Labor.

TELEGRAMS FROM LABOR ORGANIZATIONS TO CONGRESSIONAL LEADERS REQUESTING OPPORTUNITY TO TESTIFY BEFORE BILLS ARE REPORTED OUT OF COMMITTEE

1. Telegram from H. W. Fraser, president of Railway Labor Executives Association, to Senators CHARLES W. TOBEY, J. J. SPARKMAN; Congressmen JESSE P. WOLCOTT and BRENT SPENCE:

AUGUST 4, 1948.

Railway labor regards as imperative the passage of adequate housing and anti-inflation measures before the special session adjourns. I urge you and your associates on behalf of a million and a quarter of railroad workers to press for action on these two basic problems. We must have good laws on both if our economy is to avoid increasing difficulties in the months immediately ahead. Our people desire to be heard on any new housing measure or any anti-inflation measure which the special session may consider. Please address reply to 1412 East Pikes Avenue, Colorado Springs, Colo.

H. W. FRASER,
Chairman, Railway Labor
Executives Association.

2. Telegram from Alexander F. Whitney, president of Brotherhood of Railroad Trainmen, to Senators TAFT, WHERRY, BARKLEY, McGRATH; Congressmen MARTIN, HALLECK, RAYBURN, and McCORMACK:

AUGUST 4, 1948.

Due to pyramiding in prices which are forcing a reduction in standards of millions of the common people and a serious housing shortage, it is imperative that adequate laws be enacted to immediately relieve these serious situations and I urge that immediate public hearings be held to permit testimony

from well-informed and interested people. I desire to personally testify before the appropriate committees and will greatly appreciate an early reply advising day and hour I may be heard.

A. F. WHITNEY,
Brotherhood of Railroad Trainmen.

AUGUST 4, 1948.

Send the following telegram to: Senator ROBERT TAFT, Senate of the United States, Washington, D. C., and JOSEPH W. MARTIN, Jr., Speaker of the House, House of Representatives, Washington, D. C.:

"When the Congress adjourned in June it left behind an unprecedented record of unfinished business. Bills to meet the needs of the American people were ignored, pigeonholed, or amended beyond recognition. The special session of Congress called by President Truman gave Congress an opportunity to rewrite its record. Food that cost \$1 in June 1946, now cost \$1.47. Other necessities like clothing, which cost \$1 in June 1946, now cost \$1.25. The doubling up of many American families, due to the housing shortage, is a crime. With both political parties committed to the passage of civil-rights legislation, the effect of Senator VANDENBERG's ruling prevents this issue from coming to a vote.

"The Congress of Industrial Organizations was informed this morning that, due to a decision of the Republican policy committee, the Congress will adjourn Saturday having heard, outside of Government witnesses, only the representatives of the banking fraternity on the all-important question of inflation.

"The phony filibuster successfully conducted by the southern Democrats is a decided contrast to the prompt squelching by the Republican leadership of the recent filibuster led by Senator LANGER to include a civil-rights program in the recently enacted Selective Service Act. Senator VANDENBERG's ruling, which allowed the filibuster to continue, makes a mockery of the deliberative process and, in view of the arbitrary adjournment date, made it easy for the Republican Party to do nothing effective to control inflation, to do nothing to provide decent homes for the returned veterans, to do nothing to protect and extend the civil rights of all the people.

"Although it would appear that there is no need for long hearings to establish the need for anti-inflation legislation, the meaningless bill now being considered makes it mandatory for organizations representing the public interest to be heard. Senator CAPEHART has publicly stated that the people were not interested in the cost of living. He claimed that there were no requests to testify on the need for legislation to halt the upward inflationary spiral, despite the fact that the CIO and many other groups representing the average American have requested time to be heard on this subject.

"In the interest of the general public, we urge that you as leaders of the Republican Party exercise your influence to hold Congress in session in order to hear the views of President Philip Murray on inflation, Secretary-Treasurer Carey on the civil-rights program, Vice President Rieve on the excess-profits-tax bill introduced by Congressman DINGELL, and the need for enactment of the Taft-Ellender-Wagner bill by Vice President Reuther. This special session of Congress cannot afford to adjourn without establishing this record on which the American people will vote November 2.

"I would appreciate an early reply so that if Congress is to stay at work and do its job we can inform our membership and arrange for the appearance of our witnesses.

JAMES B. CAREY,
Secretary-Treasurer of the CIO."

AUGUST 4, 1948.

Senator CHARLES W. TOBEY,
Chairman, Senate Banking and Currency
Committee, Senate Office Building,
Washington, D. C.:

We were shocked to be informed today that the CIO has been denied an opportunity to testify during the hearings being conducted by your committee on proposed anti-inflation legislation.

The 6,000,000 members of the CIO and their families are suffering daily what may properly be described in the language of the Republican Party Presidential candidate as "frightful impositions" caused by the high and rising cost of living resulting from uncontrolled inflation that, if continued, is bound to result in bust and depression. We believe our testimony would be of interest and value to your committee. In any event, we feel that we should have an opportunity to present it on its merits and under circumstances that will make it possible for the members of your committee to test its validity by questioning.

More shocking than the abrupt cloture invoked before opportunity had been given to us or to other organizations to present facts, opinions, problems, and criticisms of pending legislation is the reason stated for breaking off hearings, namely, a decision by the Republican policy committee that, rain or shine, inflation or no inflation, the Congress must adjourn next Saturday night.

Most shocking is the statement that only Government witnesses would be heard and the unprecedented classification of private bankers whose banks happen to be members of the Federal Reserve System as "Government witnesses." As we understand it, they are members of the Federal Reserve System purely for regulatory purposes.

The discrimination in favor of the bankers on the one hand and against other citizens and their organizations on the other hand is an unfortunate precedent which, we prefer to believe, you personally would not seriously defend.

We urge you to reconsider and to support our request to Senator TAFT and Speaker MARTIN that Congress be kept in session until effective action has been taken on the emergency items of inflation, housing, and civil rights.

We will appreciate a reply at your earliest convenience.

JAMES B. CAREY,
Secretary-Treasurer, CIO.

Mr. WOLCOTT. Mr. Speaker, I yield 3 minutes to the gentleman from Nebraska [Mr. BUFFETT].

Mr. BUFFETT. Mr. Speaker, this Congress was called into session to deal with the mounting effects of inflation. While the call was obviously political, the problem of inflation is not political. Indeed, inflation is the most complex economic problem of the age in which we live.

Its solution or nonsolution will determine the future of the people of this country and affect the whole world. So it certainly is a problem that deserves the patient, sober, and careful consideration of the membership of this House.

I should like to vote for a bill that would approach this problem constructively and effectively, but I have been unable to convince myself that the measure before us does more than temporize with this problem.

This bill reminds me of the inflation-control bill before us last December.

When that bill was before the House I made this statement:

There is one thing Congress can do about inflation that would be worse than no action at all. That is to pass an anti-inflation bill that does not touch the root cause of inflation.

You know what happened after that bill was passed. The price level kept right on going up and it is going up now. Neither the cause or causes of inflation were at all halted by that measure.

There is a very evil byproduct of this business of temporizing with inflation. I would like to discuss that angle in the very limited time now at my disposal.

There are shrewd people in this country who understand what inflation is doing to the value of money. The longer we postpone coming to grips with this situation the longer the span of time given to speculators and profiteers to outwit the poor and the trusting people of the country and separate them from real property. Here is one of the ugliest pay-offs of inflation. All you need to do to see how this evil operates is to recall what happened in Germany during their inflation in the early twenties. There the humble people who relied on government promises found themselves after the inflation with baskets full of worthless currency while the shrewd and unscrupulous came out owning the real wealth of the nation.

Every time we take action that temporizes with inflation the message goes out to the trusting people that Congress has done something toward really halting inflation.

The SPEAKER. The time of the gentleman from Nebraska has expired.

Mr. WOLCOTT. Mr. Speaker, I yield the gentleman from Nebraska one additional minute.

Mr. BUFFETT. I think we should tell the people frankly that the present cruel inflation has been created over a 15-year period and its consequences cannot be evaded.

We could go on from there and declare that Congress is going to recover and again carry out its responsibility to coin money and regulate the value thereof.

As the first move we should set up a bipartisan monetary commission to go to work on this complex problem. A monetary commission, to be appointed by the President, Speaker of the House, and President pro tempore of the Senate, could carefully appraise and study the whole range of inflation's ramifications. It could get at the roots of the present inflation and formulate a program to work us out of this fearful situation.

It certainly should be clear to all Members of the House now that little progress can be made on this problem in an atmosphere continually supercharged with political considerations.

Mr. Speaker, it is obvious that charges and countercharges, plus demagogic appeals of all kinds will continue to muddy the waters and make a cool and dispassionate approach to this problem almost impossible if its consideration is limited to committee hearings and floor debate.

A bipartisan monetary commission could assemble the facts on this matter and work out a pattern for its solution free from the unsettling developments of the political arena. With the commission's program in hand the Congress could enact the legislation necessary to restore stable money to the American people.

America desperately needs a money which will give the producer an assurance that when he saves dollars and tries to provide for his future he holds a repository of value having a reasonably permanent and stable purchasing power.

Mr. Speaker, a monetary commission established now would demonstrate to the country that this Congress was going at the job of ending inflation in a constructive, nonpartisan, and businesslike fashion.

Bills providing for the monetary commission have been introduced. I hope this proposal will get serious consideration before we go home from the special session.

The SPEAKER. The time of the gentleman from Nebraska has again expired.

Mr. SPENCE. Mr. Speaker, I yield 4 minutes to the gentleman from Texas [Mr. PATMAN].

(Mr. PATMAN asked and was given permission to revise and extend his remarks and to include excerpts.)

GOVERNMENT-BOND PRICES MUST BE SUPPORTED

Mr. PATMAN. Mr. Speaker, the people who own United States Government bonds have a right to expect the Government to make it possible for them to redeem their bonds 100 percent with interest at all times.

If we pass this bill there is one provision that will jeopardize the policy of the open-market committee of the Federal Reserve System in supporting the prices of bonds. That is the second part wherein it is proposed to increase the reserves on the Federal Reserve notes from 25 percent as at present to 40 percent and to increase the reserve requirements behind Federal Reserve bank deposits to 35 percent from the present 25 percent. That is going to lower the amount of gold which is available to support the bond market and will weaken the cushion that is now being used to support the bond market. If that is true to the extent many of us believe it is, it will in all probability cause a flight from Government bonds to dollars and from dollars to tangible property. Then we will be in a real inflation.

That is what I am afraid this bill will bring about. It is the most dangerous provision I have ever seen written into a bill involving our entire economy. The prosperity of the people depends upon a good currency. We cannot have a prosperous country without a good, sound, stable currency. When the people get the idea that their bonds are not going to be supported by the Government as the Government promised them it would support their bonds, I am apprehensive that some serious things might happen, and the inflation we now have is minor as compared to what it will be then.

This is so serious I ask you to consider what the effect might be on the Govern-

ment-bond market and the bonds that are now owned by millions of people in this country who bought them with the understanding and the promise of the United States Government that they could always get their money back 100 cents on the dollar. It is a dangerous bill and I expect to vote against it.

The SPEAKER. The time of the gentleman from Texas has expired.

Mr. WOLCOTT. Mr. Speaker, I yield such time as he may desire to the gentleman from South Dakota [Mr. CASE].

Mr. CASE of South Dakota. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD and to include therein a very remarkable, able, and clear portion of the committee's report headed "General statement."

The SPEAKER. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

HIGH PRICES ARE THE RESULT, NOT THE CAUSE, OF INFLATION

Mr. CASE of South Dakota. Mr. Speaker, one of the ablest, clearest statements on the current economic situation in the United States I have come across appears in the report 2455 on this bill by the House Committee on Banking and Currency. With the permission of the House, I insert it in my remarks at this point in the RECORD at this time.

The statement follows:

GENERAL STATEMENT

In considering the program presented to Congress in the President's message of July 27, 1948, Congress agrees that one of the basic problems confronting the American people is inflation with its resulting high prices. It recognizes that the Government should take the leadership in stabilizing the value of the American dollar to the end that prices may be adjusted. It considered that a sound economy in the United States is the key to world stability, prosperity, and peace.

High prices are not the cause but the result of inflation. They reflect depreciation in the value of the dollar. Causes for such depreciation of the value of the American dollar are well known. Every effort should be made to remove them. Basically these causes are the easy-money policies of the Government and the unusually heavy demand by foreign countries for American goods.

It may be recalled that almost all the efforts of the Government since 1933 have been to make money and credit easier. The end result of our efforts between 1933 and 1940 were to lick a depression. From 1940 until VJ-day in 1945 the object of Government was to win the war. In order to lick the depression the Government found it necessary to augment the credits which were customarily made available through private sources. It increased the supply of money and credit to restore purchasing power and the demand for both consumer and producer goods. It made available billions of dollars for public and private works as an aid to employment. For years Government expenditures exceeded Government revenue. Deficit financing was taken for granted. Debt increased by billions each year. To make money and credit easier this debt was monetized. The Government provided that this debt could be used as collateral for the issuance of money. Debt and money was brought into such close affiliation that the value of the currency largely depended upon the size of the debt. As debt increased and money became more plentiful, money became

less of value. As a consequence prices and purchasing power rose.

As we entered the war it was considered necessary to continue these easy money and credit policies to finance war production. Deficit financing increased daily. National debt increased to an unprecedented \$279,000,000,000. Wages rose. Farm income rose. Corporate earnings rose. National income was rising as the national debt increased. Because our farms and factories were producing for war there was a scarcity of consumer goods. Our people could not use their purchasing power, consequently savings per capita rose to all-time highs. The influences created by previous attempts during the depression to make money and credit plentiful were unfortunately continued. On VJ-day we found ourselves with an exceedingly large amount of savings and high earnings. Private debt could be liquidated easily from current income. Following VE-day the administration contemplated a postwar depression which never materialized. To meet this mythical depression they took further steps by reducing gold reserves of the banks to make money and credit easier.

It is difficult for anyone to admit mistakes. When mistakes are made those in responsible positions of the Government should be courageous enough to admit the mistakes and do everything possible to correct them. Instead, Government policies were inaugurated and maintained which inspired inflationary spirals and which in practice have proved that a politically managed economy is the opposite of American principles and can only result in possible economic chaos and disaster.

A strong, sound America is necessary to world stability and peace. There is nothing wrong with the United States that production and sound fiscal policies will not correct. Fiscal policies of the Government since VE-day have not been sound. They have been conducive to economic and financial uncertainty. They have inspired inflationary tendencies which make it necessary now for the Government to take drastic measures. The American form of government is only as effective in meeting crises as the administrators of the Government are courageous in utilizing the powers over which they have control. For years the President and the Federal Reserve System have had the powers to stabilize our economy. Judicious use of these powers would have prevented present high prices. Judicious use of these powers from now on can prevent higher prices and can result in economic and financial stability. Political expediency should not control action in this respect. The measures taken by Government to make money and credit easier, to cheapen the value of the dollar, to raise prices, were altogether too successful in the postwar period.

Almost every one of the acts passed by the Congress to lick a depression and win a war is still on the statute books and is being fully utilized by the administration to maintain a cheapened dollar and higher prices. It naturally follows that a reversal of these processes will bring about an appreciation of the value of the dollar, lower prices, economic and financial stability. The administration has not used the powers to stabilize our economy, which powers have been called repeatedly to the attention of those responsible for the administration of the laws. Instead of reversing the policies which have led to inflation, the administration has insisted upon maintaining these policies but has consistently tried to offset their evil effects by new and untried controls over our economy. Instead of using the orthodox methods at its disposal to stabilize the American dollar and our economy, the administration asks for price controls, for allocation controls, and priority controls. These proposed panaceas for the ills of our economy should be studied in the light of past pain-

ful experiences. Price controls, allocations, and priorities are a mere palliative to ease the symptoms of inflation. They do not cure. They cannot be administered without serious set-backs to our productive effort. They beget a vast brood of contradictions and uncertainties. They promote black markets and tax evasions. Production and more production is the key to economic stability. We cannot have high production when price, priority, and allocation controls are being maintained. The memories of the people are not so short as not to recall that, with OPA price control, rationing, allocation, and priorities, the economic structure was brought to the brink of chaos. We emphasize the fact that it is impossible to have such restrictions and at the same time have full production. This committee is fearful that, if authorized, such powers would be used as ineffectively and as injudiciously as before. We are fearful that the consequence of their reimposition would be similar chaos and uncertainty.

Our economic equilibrium is balanced on very sensitive scales. Production at the present time is at an all-time high. We cannot afford for political purposes to throw our economy out of balance and possibly destroy the influences which are now at work to balance demand with supply. Marriner S. Eccles, Governor of the Federal Reserve Board, testified that "the program—the President's—taken as a whole seems to me to be more of a political program than an economic one because there is in the program action called for which would be very inflationary."

None of the witnesses appearing before the committee on the President's proposed program were able to state specifically how the powers asked for would be used. Some of them testified that the measures requested were in themselves inflationary. None denied that to delegate to the President any of the powers which he asked for would re-establish the police state, the existence of which he deplored when by Executive order he removed price controls in November 1946.

The committee has been of the opinion that if there were deficiencies in the powers which the President and the Federal Reserve had to stabilize the economy, sympathetic consideration would be given to recommendations to correct the situation. The request of the President's message for further credit controls by the Federal Reserve System constituted the first formal proposal submitted by the administration to this committee in respect to primary bank reserve requirements. Although these reserve requirements have been, except in the case of the central reserve city banks, at the legal maximum since November 1, 1941, no formal request has previously been made for an increase in reserve authority. This authority has been granted in this bill. This authority together with the powers which the President and the Federal Reserve have had throughout the years are ample if judiciously used to stabilize prices. They constitute the means by which sound fiscal policies may be effectuated and thereby one of the basic causes for high prices may be removed.

Under the Anti-Inflation Act of 1947 (Public Law 395, 80th Cong.) the President was given specific powers to control our exports. Not an ounce of goods could be exported without a license granted by the Department of Commerce under this authority. At the time this authority was given to the President, this committee in its report (H. Rept. No. 1160, 80th Cong.), stated as follows:

"The committee believes there are two basic reasons for domestic high prices. First: Prevailing money and credit policies, and second the unusually large foreign demand for American goods in short supply. Consistent with this view, the committee provides in the joint resolution for the continuation of export controls. It is their belief

that these controls should be exercised by the President in such a manner as to adjust exports to domestic stability."

This committee now is of the opinion that if export controls had been used in such a manner as to minimize the impact of excessively large demands by foreign countries for American goods in short supply prices of consumer goods would be much lower than they are today. In summary, the committee states that since the causes of high prices are recognized the cures can be found. First, the shortage of goods against high purchasing power can be corrected by encouraging maximum production; second, the excessively large costs of Government which might result in further deficit financing must be lowered in every way possible.

The easy-money policies of the administration must come to an end. All segments of our economy must be informed that it henceforth will be the policy of Government to restrict nonproductive credit to the fullest extent practicable. Coordination of effort to this end must be established between the responsible departments of Government and the Federal Reserve System. No legislation in addition to that provided in this bill is needed in the foreseeable future to enable the administration to stabilize our money and our economy but at the next session of Congress a full review of laws now on the statute books having to do with credit and money should be made with a view to encouraging a coordinated program and to further effectuate the purposes of this bill.

Mr. SPENCE. Mr. Speaker, I yield 4 minutes to the gentleman from Oklahoma [Mr. MONRONEY].

Mr. MONRONEY. Mr. Speaker, I do not believe that this phony bill which does not make any single effective approach to controlling inflation is here in good faith or in expectation that it will pass. It is a political effort, in my opinion, to force the Democrats to vote against the bill so that they may say the Democratic minority failed to give the President authority to control inflation.

This bill does not do anything effective in controlling inflation.

On this bill the great Republican mountain has "labored" for 2 weeks and has brought forth two little tiny mice.

One is to provide for installment credit controls only until March 1949. This would barely give time to print the forms and put the regulations into effect, so it cannot possibly have, standing alone, any effect in bringing down the already skyrocketing cost of living.

The only other affirmative thing that this resolution attempts to do is to increase reserves of members of the Federal Reserve banks by 3 percent on demand deposits and 1 percent on time deposits.

The President asked for 10 percent reserve and they are giving him a third of a loaf. So I say this resolution could not possibly have any real effect whatsoever in stemming or even slowing down the disastrous spiral of inflation that is going on.

You are merely giving the giant of inflation a tiny tap on the wrist to stop this run-away cost of living.

But, this resolution does contain the most dangerous provision that I have ever seen brought in. No single witness testified or advocated it. Yet we find it in the resolution. It is a move, cleverly concealed and camouflaged, to destroy the open-market operations of

a Federal Reserve bank in the handling of our \$250,000,000,000 debt.

That is the greatest debt that any government in the world's history has ever had to carry. The safe management of it is the cornerstone of our capitalistic system, and yet by this cleverly concealed dagger you destroy the successful open-market operation and the debt management policy of this country at a time when we have this staggering public debt.

The purpose of this, gentlemen, is to force up the interest rate on Government bonds. Already through this country there is a cadre of wealthy men that are demanding more and more return from Government bonds, and it is those that are trying to force the Government to raise its present long-term interest rate from 2½ to perhaps 3½, and probably by the time when the cycle is over to even 6 percent.

By reducing the funds of the Federal Reserve banks to support Government bonds at par, and to maintain the 2½ percent interest rate, this bill will shift from the Government the right to fix the interest rate on its bonds that it will pay—and will put the Government at the mercy of the big investors to demand what interest they wish to receive.

This could be done, as this bill provides, by reducing the funds of the Federal Reserve market operations by over 450 percent in this resolution. You thus cut the supporting Federal Reserve funds for supporting Government bonds from \$40,500,000,000 down to \$10,000,000,000 or \$12,000,000,000.

If you do not think that this 450 percent fund reduction could precipitate a raid on the Federal Reserve by the big holders of Government bonds, cashing their 2½ percent and waiting for the 3½ percent, then you will miss your guess.

You remember the depression of 1893 when the failure of the Jay Gould corporation caused a panic. You remember the stock market crash in the fall of 1929. Gentlemen, you are playing with matches in a powder factory by this action of the Congress which might precipitate the great panic of 1948 or 1949.

Mr. SPENCE. Mr. Speaker, I yield to the gentleman from Arizona [Mr. MURDOCK], the gentleman from Indiana [Mr. MADDEN], the gentleman from Massachusetts [Mr. PHILBIN], the gentleman from Colorado [Mr. CARROLL], and the gentleman from Illinois [Mr. SABATH], to extend their remarks at this point in the Record.

Mr. MURDOCK. Mr. Speaker, I appreciate being given this opportunity to say a word on this measure before us when the time for debate on the floor is so limited. Yesterday I voted against the provision for suspension of rules during the closing hours of this special session. In fact, I voted about the 17th of June against a similar resolution and for the same reason. I know it is customary to use that procedure toward the end of a session, but there seems to be—from the wording of the resolution yesterday—an unusual reason for that course at this time. The procedure can be used for more than one purpose.

But my objection that day last June and yesterday is this: That in both cases it made it possible for the majority to bring before this House the most tremendously significant bills, giving only a few minutes of debate on measures that require much more consideration, and not permitting the minority to offer any amendments whatsoever. That very thing happened last June, and it is happening today exactly as I feared it would. Now, what do we find before us today. We have before us Senate Joint Resolution 157, and not a single opportunity for any Democrat to offer an amendment, and only 20 minutes of the 40 minutes given to the minority party to debate the bill on the floor of the House. Mr. Speaker, some bills are more significant than others. This is one of the most significant measures affecting our domestic economy for good or bad that I have seen in my 12 years here. It is fraught with greatest power, for benefit or harm, and yet we in the minority are forced to take it or leave it.

And yet it is not a simple question of take it or leave it, for this bill is said to be in answer to the President's request. It is called an anti-inflation bill. It is a composite measure. It contains some things that I would like to vote for. It does make a sort of answer to the President's plea. It does limit consumer credit and bar installment buying, but it counteracts those two Presidential requests by its main features. As a Democrat, opposed to this bill in general, not only because of the limited debate on it but because of its dangerous possibilities, I am forced to vote against it, in spite of the fact that it contains a small portion of what the President asked of this Congress. As the gentleman from Kentucky, Congressman SPENCE, implied, "The President asked for bread and Congress has given him a stone."

Some years ago I was very reluctant to see the gold reserves dropped from 40 percent to 25 percent, during the war. I am a believer in sound money, but that does not mean that I think we ought to up the gold reserves as this bill does, at this time and all at once from 25 percent to the original 40 percent. I know we ought to move in the direction of a stable and sound currency, but we ought to move cautiously, with the welfare of the masses of people at heart. This bill, when enacted into law, will undoubtedly help the rich and increase the interest rate generally, including the money that Uncle Sam borrows.

One of the preceding speakers, although he had too little time to develop it, correctly implied that this legislation requires much careful study by the best minds that can give it the whole-hearted and disinterested study which it merits. Are we not rather casually, if not carelessly, tinkering and tampering with that which is at the very basis of our economic structure? I would want a very skillful surgeon to perform an operation on my heart or any other vital part of me if absolutely necessary, and I would want him to know his business. I am told that the Secretary of the Treasury and the Federal Reserve Board are opposed to the chief provisions of this bill.

Are these informed officials wholly wrong?

If my colleagues are correct in the fear expressed, that this measure will shake the United States bond market and prevent the United States Government from maintaining its bonds at par, then we are indeed doing a cruel and very unworthy thing to say in effect to the millions of American citizens owning bonds: "Your Government will be unable to keep your bonds at par, and it is cruel but best policy all around to let things take their course as we follow another policy." I am not enough of an authority on financial matters to know whether it is inevitable and absolutely necessary for America to have to pass through the economic wringer after every great war, as happened after the First World War. I had hoped there might be another way, by which it could be avoided, but I believe that this legislation will make the old way inevitable. Of course, "all that goes up must come down," but there is a lot of difference between plunging down to crash or coming down by parachute.

Mr. MADDEN. Mr. Speaker, the Congress has now under consideration the legislation to curb inflation and start the high cost of living downward.

Senate Joint Resolution 157 is the answer of the Republican leadership to the demand of millions of Americans that something be done to curb inflation. Senate Joint Resolution 157 was substituted by the Banking and Currency Committee for H. R. 7062, introduced by the gentleman from Kentucky, Congressman SPENCE, the ranking minority member of that committee. H. R. 7062 contains 40 typewritten pages setting out the primary recommendations of President Truman and his advisers, a practical plan to curb inflation.

The Republican majority of the Banking and Currency Committee have for all practical purposes tossed the President's recommendations in the wastebasket and have submitted the resolution now under consideration which is nothing more than a feeble and ridiculous effort to mislead the American people to the thought that the leadership of this special session is making an effort to reduce the cost of living.

This resolution comes to the floor of the House under a gag rule which limits debate to 40 minutes—20 minutes on each side—and furthermore prohibits any amendments to be offered from the floor of the House which amendments would improve or make this so-called anti-inflation legislation effective.

One hundred and forty million Americans are crying for relief from high prices and today we witnessed the spectacle of the congressional leadership restricting debate on this No. 1 problem of our country to a brief 40 minutes. This special session of Congress should remain in session and thoroughly debate the inflation problem in an effort to produce a practical bill that will adjust our economy and start the cost of living downward. This problem cannot be solved in 40 minutes' debate and possibly not in 4 days' debate, but the time of the Members of this

Congress is of minor importance compared to the misery and grief high prices are causing the American people today.

This feeble effort of Senate Joint Resolution 157 compares favorably with the skim-milk misleading housing legislation which was passed at 3 o'clock Sunday morning, June 20, 4 hours before adjournment of the regular session of Congress. It was my hope that when the President called this special session that the majority Members of this Congress would have talked to the people back home and returned to Washington with the intention of doing something about the high cost of living and inadequate housing. Judging from the bill now under consideration, our special session will adjourn with these two urgent problems still calling for solution.

The lack of legislation dealing with these two issues may mean depression and disaster for millions within the next few years. Inadequate anti-inflation legislation may directly affect the people of the world and our national security. Congress must cease drifting on these issues.

Today we do not have price control by Government, but we have price control by big business. The cost of living rises steadily, but corporate profits are rising even more rapidly. Corporate profits in 1947 rose 42 percent above what they were in 1946 when they had reached an all-time high. The income, after taxes, of the 100 largest manufacturing corporations in 1947 was 91 percent greater than in 1946, and during the first 6 months of 1948, the all-time record of 1947 was being broken by new profit highs. It is apparent that the leadership of the Eightieth Congress fears to do anything that will disturb these corporate giants in their march for profits. The propaganda being circulated is to make labor the whipping boy for these unheard-of profits.

One of the first acts of this Congress was to pass the Taft-Hartley Act which provided a cooling-off period for labor. Why does this Congress hesitate in providing a cooling-off period for giant corporations which produce the bulk of our basic commodities from increasing prices?

I wish now to quote from a distinguished Republican United States Senator who has taken issue with his own party on their lack of action to legislate against inflation. Senator TOBEY, of New Hampshire, has made the following statement:

There are 140,000,000 people who are dying for one thing and they are tired of waiting for it. I am speaking now of the people who are feeling the tragic burden of high prices and lack of adequate housing. They are wondering whether the Congress of the United States cares about them except to get their votes at election time. This is the cry of a human heart, and we had better accept our obligation. The party which matches up to its trust and its obligation will be the party which God will favor. A word to the wise should be sufficient.

Senate Joint Resolution 157, which this House is now offering to solve inflation, will be a monumental disappointment to the 140,000,000 people whom Senator TOBEY referred to in his above statement.

I shall cast my vote against this resolution because it does not even make a start toward legislation that might reduce the cost of living and save our economy.

Mr. PHILBIN. Mr. Speaker, this bill does not even scratch the surface of the imminent and perilous problems of inflation. It would be impossible to deal with these grave and complex questions in such perfunctory and cursory fashion.

High prices are unconscionably burdening the rank and file of the American people, but I could not possibly fully analyze this measure at this time because its provisions and implications widely affect every segment of the economy.

I have intensively studied money and banking questions with special relation to their impact upon our free-enterprise system for management, labor, and agriculture for many years. There are no questions in the field of economics so complex, so difficult, so intricate, so challenging to correct accurate analysis as monetary questions. Yet this bill seeks in a few paragraphs to tamper and meddle with the delicate mechanism which governs and controls money, credit, commercial paper in its relation to the Federal Reserve System, reserves for gold certificates and outstanding notes and other matters which lie at the heart of our monetary and banking operations and practices.

I believe such action is most unwise and perilous at this or any other time without the most careful and exhaustive study and surely no one will contend that the House has given mature consideration or adequate study and reflection to these vital and difficult questions.

The results can and well may be disastrous—lack of adequate credit, dislocation of the Government bond market, hasty deflation, industrial stagnation, and unemployment. I regard these provisions to be fraught with the possibility of gravest danger to the economy.

The restriction of installment buying at this time cannot be justified economically or morally or socially or in any other way. It will merely impose new and unnecessary checks and perhaps hardship upon our consumers, small-business men, and industry. It will react against our veterans who are seeking installment purchases to furnish their homes and procure essential household appliances and equipment. It will unreasonably and unnecessarily curb and obstruct purchase of essential commodities by every single class of the American people save those who are in a position to pay cash on the line for what they buy, or who can put up in cash a very substantial portion of the purchase price.

Since I do not believe that this bill is a solution, in any respect, for current inflationary conditions, because I believe it is unfair and inequitable to American consumers and purchasers, because I believe it dangerously meddles with extremely delicate monetary and banking mechanisms, afflicts small business and industry with unnecessary and unwarranted restraints, I am constrained to vote against the pending measure.

Mr. CARROLL. Mr. Speaker, it is extremely unfortunate that the membership of this House has given itself only 40 minutes to debate the tremendously

important legislation which is now before this body.

I desire to enter my vigorous protest against not only the time allotted for debate, but against the parliamentary tactics used by the majority leaders who have brought up this important measure under a so-called suspension of the rules. Such parliamentary procedure denies to the minority membership of this great body their right to either amend or to cast their vote for the Record upon a motion to recommit. In such perilous times as these, we should put aside partisan politics in an endeavor to legislate proper anti-inflation controls in the national interest.

In the resolution now before us, I should be more than willing to support the measures embodied in sections 1 and 3 without reservation. I should like to point out, however, that sections 1 and 3 of the pending resolution of and by themselves are relatively unimportant devices to curb the present inflationary pressures which are bearing down upon us. However, I cannot and will not vote for this measure in view of the dangerous provisions contained in section 2 of this resolution. This section is clearly designed to deprive and to deny the Government the right to support Government bonds in the open market. The real dangers of section 2 of this resolution cannot be too strongly emphasized. Realistically, psychologically, and actually, the enactment of this type of legislation at this time may send our already tottering economy plunging into the abyss of depression and despair. Many of us remember what happened to the Liberty bonds after World War I. If the procedure is followed as indicated by section 2 of this resolution, there is a strong probability that present Government bonds will soon drop below par and that eventually interest rates on Government bonds will increase materially.

It is well known that the cost of the service of our present public debt at present interest rates exceeds \$5,000,000,000 annually. It takes only simple arithmetic to prove that an increase in the interest rate of 1 or 2 percent on outstanding Government bonds will increase this service charge from 50 to 100 percent, or to put it another way, instead of \$5,000,000,000, we shall be forced to pay seven and one-half to ten billions of dollars as a service charge for the payment of interest to meet outstanding governmental bond obligations. These are only a few of the factors and of the dangers attendant upon the passage of section 2 of this resolution. Time does not permit further elaboration. It is sufficient to say, however, that this is a most dangerous practice and is not supported by any responsible authority either in the Department of the Treasury or in the Federal Reserve Board.

In addition to the reasons above outlined, there is another reason why I cannot support this resolution. Actually, it does nothing to curb the upward inflationary spiral. In my opinion, it is a makeshift, hurry-up, do-nothing program designed for political purposes to lull the people into a false sense of security. There has been no real effort on the part of the Republican leadership

to meet, even to a reasonable degree, the program submitted by the President of the United States to curb inflation. To say the least, the President's program is extremely moderate, and in my opinion represents the very minimum that ought to be done in this fight against inflation.

No, Mr. Speaker, the Republican leadership will not fool the people of America by the passage of this makeshift legislation. In the months to come they will know that it will not and cannot give them the relief which they need so desperately.

THE MAKESHIFT REPUBLICAN CREDIT CONTROL BILL IS DANGEROUS AND WILL NOT STOP INFLATION

Mr. SABATH. Mr. Speaker, yesterday when I opposed the outrageous gag rule I surmised that, under this rule, you would bring in and force through this makeshift bill which is before us today. This, under the pretense that it will arrest the spiral of inflation and might reduce the intolerable increase in the cost of living.

I was not mistaken in your determination to fool the American people. The bill before us was reported out of the Banking and Currency Committee by 16 Members without any hearing and, under the rule, 419 Members are deprived of any opportunity to amend the provisions in any way. You have even refused to extend the debate by 10 minutes. What a high-handed procedure this is.

Personally, I would like to vote for section 1, which tends to temporarily restrict installment buying until March 15, 1949. However, it will take at least several months to put this plan into effect and in this short time I feel it will be ineffective and will not accomplish the recommendations of the President.

At the time you repealed the restriction on so-called installment buying, I warned you that it would have an inflationary effect and would be unjustified from any point of view. I questioned you then that, if people could not buy for cash when they were employed, how would it be possible for them to make payments if conditions and their earnings were not as favorable as they are at the present time?

Other provisions in the bill relative to the restriction of an additional gold reserve are bound to bring about dangerous conditions because it will preclude the Government from protecting the Government securities and bonds. It may create fear and result in dumping of these bonds by the public and especially the bankers. Without the support of the Government, the manipulators would hammer down the prices of these bonds the same as they succeeded in doing after the First World War. This notwithstanding that we have assured the public they would be protected in their investment of Government bonds.

That this legislation will be instrumental in bringing about a reduction in the high cost of living you cannot maintain, because it will not. You have given industry the power to fix prices, which you call stabilizing the prices. However, industry has miserably failed to carry out its pledges and promises. Instead of stabilizing or reducing prices,

they have continuously—even to this day—increased to the point where they are now the highest in the history of our Nation.

You say that high prices are due to the cheap money. No, the high prices are due to the fact that you have authorized all the industries to increase their prices notwithstanding that in 1947 they salted away \$17,000,000,000 in profits after all taxation. And for the first 6 months of this year their profits were still soaring and have increased by an additional 18 percent as reported in today's papers. So it is not because of cheap money, but because of avarice on the part of the profiteers whom you protect and to whom you gave the privilege of charging the consuming public not only what it will stand but even what it cannot stand.

I fear that this bill, as explained by the Democratic members of the committee, is a dangerous one and will not stop inflation nor the high cost of living, but may affect the values, as I have stated, of Government bonds that are held by 60,000,000 American people. This bill might increase the interest rate on the future needs of the Government as well as private industry because of the restrictions on the reserve provisions embodied in this bill.

I recollect when President Wilson in 1919 and 1920 urged the Federal Reserve and bankers of our country to restrict the credits to manipulators, hoarders, and gamblers who were outrageously and shamefully boosting the prices of sugar up to 28 cents a pound because they were in control of it and many other commodities. Instead of restricting the loans to these speculators and hoarders, banks started to curtail the credit of legitimate business, but the speculators and hoarders could obtain their loans for months thereafter. Not, however, on the first floor of the bank, but on the second floor where they would be charged a 4- to 6-percent commission, which these speculators could and did pay because of the tremendous profits they were making on their hoarded commodities.

The restriction in your bill will not accomplish the purpose of the President to arrest the inflationary spiral nor the increased cost of living. For this reason, I am constrained to oppose and vote against this bill. If you Republicans would take an interest in the welfare of our country and heed the appeals of the general public you would not bring in this makeshift bill, but would take a few weeks to prepare a bill that would actually relieve conditions, stop the high cost of living, and bring the needed relief to the consuming public so that the women would not feel obliged to organize in every section of our land to stop buying meat and meat products in the hopes of forcing down the prices of meats, butter, milk, and other foodstuffs in order that the American people might obtain enough food to exist at prices their pocketbooks can stand.

We passed a bill to eliminate the unfair tax on oleomargarine which the poorer people are obliged to buy because they cannot afford to pay 90 cents a pound for butter. However, its consider-

ation is being held up in the other body by the dairy trust.

You could easily devote 10 days or 2 weeks to bring in a decent housing bill, but I understand that you are going to bring in another housing bill that again will not aid in the construction of low-priced homes or bring about lower rentals.

You have time enough to pass the bill to increase the minimum wage from 40 to 75 cents an hour which, due to the high cost of living, is necessary in order that the American people of low income may live and exist.

You have time enough to bring in a decent social-security bill which the President has recommended and urged.

You have time to pass a fair-employment-practices bill and a bill to increase old-age pensions.

No, you are deaf to the appeals and needs of the public and are going to adjourn without adopting any of this legislation, because the vested interests that you serve have no regard for the rights and needs of the American people.

We still have 3 months before the election and I am sure that if you would remain here 10 days or 2 weeks longer we could easily pass these relief measures and you would not need as much time at home to campaign. In fact, staying and voting for these bills would do you more good than your 3 months of campaigning, trying to explain to the people—which you cannot—your failure to act and how you are subservient to the vested interests instead of to your constituents.

Mr. SPENCE. Mr. Speaker, I yield 1 minute to the gentleman from Arkansas [Mr. HAYS].

Mr. HAYS. Mr. Speaker, I believe we who are Members on the minority side in this fight should be permitted to say without question that we are proud of our membership on the Committee on Banking and Currency. I regret the action of the leadership in this instance in forcing us to pass upon a resolution of this importance, touching a problem of this magnitude, in a 40-minute debate. I believe those on the majority side who are not members of this committee and have not been permitted to hear the testimony on such a technical question ought to join us in that regard. When you are asked about it at home you are going to be unprepared as a result of this limitation of debate to answer some of the questions that are raised about this legislation. I regret very much that I cannot go with the majority in this instance, because I would like to cooperate in bringing out an effective piece of legislation, but because I am opposed to this procedure and because I am fearful of the possible results mentioned by the gentleman from Oklahoma [Mr. MONROE] I shall vote against this resolution.

Mr. SPENCE. Mr. Speaker, I yield 3 minutes to the gentleman from Pennsylvania [Mr. BUCHANAN].

Mr. BUCHANAN. Mr. Speaker, I, too, join my colleagues on the minority side on the House Committee on Banking and Currency. This measure contains 3 sections. Section 1, relating to consumer

installment credit, is not the same as the return to regulation W in all of its previous forms. It is rather a watered-down or diluted version of the former regulation W. This section covers consumer installment credit for a 7-month period.

Section 3, as far as the recommendations of the President that the Federal Reserve Board be given greater authority to regulate inflationary bank credit especially pertaining to bank reserves. The proposed amendment increases by three points the requirements as to bank reserves of all member banks but makes no application to any increase in non-member bank requirements. These apply to demand deposits and merely one point on time deposits. Whether this amount is adequate or not is problematical.

The really controversial section is section 2, the gold-reserve section. In making any change in the present gold reserves base we could be playing with a powder keg. Yesterday afternoon, before the House Banking Committee, the Secretary of the Treasury, Mr. Snyder, opposed this section of the measure. He asked for the opportunity for further study of this provision. It was not before us when Mr. McCabe, Mr. Evans, or Mr. Eccles appeared before our committee. It was not in the recommendations by the President before the committee. We on the minority side are asking that, since under the rules debate is rather limited and an insufficient time is provided for a full and adequate discussion of this problem, we vote it down and bring this bill in under a rule and give sufficient time for full and complete analysis of its effects. I think we will live to regret any action we take today that may cause a break in the Government bond market in the months ahead. The squeeze play could be put on, and it can be put on still further. Psychologically all the factors are there. This is a dangerous device. It was not recommended, and there has not been time to have thorough analysis by competent economic analysts. Certainly we reduced the reserves from 40 and 35 to 25 percent in 1945, but to increase the gold reserves at this time is highly questionable and explosive.

I am of the opinion that the members on the minority side of the Banking Committee are following good logic in asking that the Members of the House be given the opportunity to consider a better analysis of the consequences of this section. There is no way under the procedure we are following at this time whereby we can vote for any part of this resolution that we favor. We must either vote for it entirely or against it.

The increase in the gold reserve requirements of the Federal Reserve banks as now proposed by the House Banking and Currency Committee would make no contribution whatsoever to the fight against inflation, but if adopted, might be of disastrous consequences to the economy as a whole.

Although at the present time all Federal Reserve banks combined are holding gold certificate reserves in excess of the proposed new requirements, these reserves are unevenly distributed among

the 12 Federal Reserve banks, and the reserve of several banks would be insufficient to cover the new requirements.

Furthermore, the new requirements might jeopardize the ability of some Reserve banks to supply credit to their member banks and compel the Federal Reserve System to abandon support of the Government bond market.

The proposal, while completely ineffective in the fight against inflation, might precipitate a run on the currency and the collapse of the bond market.

Mr. RANKIN. Mr. Speaker, since I have no opportunity to speak on this measure, I ask unanimous consent to extend my remarks at this point in the Record.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. RANKIN. Mr. Speaker, it seems that "the mountain has labored and brought forth a mouse."

Instead of reporting a measure to stabilize the currency and thereby prevent a spiral of runaway inflation, and at the same time protect the American people from the disasters of a precipitate deflation, this measure is brought forth, which I fear may result in plunging this Nation into such a depression as we experienced in 1921, during the Harding administration, or in 1929, during the Hoover regime.

The Committee on Banking and Currency could have easily written provisions into the bill putting a ceiling on the amount of currency, including Federal Reserve notes, and thereby protecting this Nation against runaway inflation; and at the same time it could have put a floor under the volume of the currency by establishing a minimum below which it could not be reduced by providing that if the Federal Reserve banks withdrew a sufficient amount of their notes from circulation to reduce the volume below that point, the Government should issue a sufficient amount of United States notes, with a gold reserve behind them, to hold the currency at the minimum prescribed by the law.

As I have pointed out before, prices in a free economy are governed by the volume of the Nation's currency multiplied by the velocity of its circulation. When that volume gets as high as it is today, with the present velocity of circulation, we witness a spiral of inflation. When that volume is reduced below the danger point, even with a medium velocity of circulation, we crash into a depression as we experienced in 1921 and 1929.

Since this bill is being rammed through under the suspension of the rules, we have no opportunity to amend it to protect the American people against the dangers of a disastrous deflation—and I feel very doubtful if it is going to protect them against a further spiral of inflation.

If this motion is voted down, then I hope the bill will be brought in under a rule that will permit amendments, in order that we may adopt such changes as will stabilize the currency within a given range, and protect this country against either a runaway inflation or a disastrous deflation.

The American people are entitled to this protection at the hands of the Congress, in which the Constitution vests the power to "coin money and regulate the value thereof."

Besides there is a grave question whether or not the provisions of this law will not result in unjust discriminations that will be detrimental to our dual banking system, especially in Mississippi and other agricultural States—if not the entire Nation.

I have just received the following telegram from Mr. Frank E. Allen, president of the Mississippi Bankers Association:

JACKSON, MISS., August 5, 1948.

HON. JOHN RANKIN,
House Office Building,
Washington, D. C.:

Mississippi Bankers Association greatly concerned over possibility of requiring increased reserves of banks requirement to include nonmember banks as well as member banks of the Federal Reserve System.

Members of our association are unalterably opposed to any increase in reserve requirements and more particularly to the extension of the authority of Federal Reserve in this regard to nonmember banks.

Such a step would be entering wedge in destruction of dual banking system.

Mississippi bankers have been diligent in control of bank credit to avoid contributing to inflationary trend.

Taking everything into consideration, I think the best thing the House can do is to vote this motion down, and let this bill come before the House under an open rule that will give us ample opportunity for debate and amendments.

The interest of the entire Nation is at stake in this legislation; and I for one cannot vote to ram it through under suspension of the rules in its present form.

Mr. DINGELL. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the Record.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. DINGELL. Mr. Speaker, the Republican majority in control of affairs in Congress today arbitrarily and in entire disregard of the people's interest and welfare brings forth a bill to accelerate and inflame the inflationary pressures which already ravage the Nation.

This they do in the face of the President's recommendations personally delivered to the special joint session of Congress, and in defiance of economic law. It is a booby trap, explosive and dangerous, which, if passed on to the President, I hope he will not touch or have anything to do with it. Suspicions are rife that the bill is purposely so worded and planned as to cause the Democrats, under suspension of the rules, to vote against the measure, so that the Republicans can charge the Democrats with killing a bill which, supposedly, the President wanted. The fact of the matter is that this bill does not reflect the President's ideas except in minor detail. Senate Joint Resolution 157 and the report by the gentleman from Michigan [Mr. Wolcott] are misnomers. Instead of aiding in protecting the Nation's economy against inflationary pressures, there is grave danger of fanning to destructive ferocity

the flaming spiral of higher prices, already unbearable to all except the wealthy who can pay the tariff.

The restriction placed upon the Federal Reserve Board by reducing the support authority from \$45,000,000,000 to about \$10,000,000,000 means but one thing—higher interest rates upon refinanced Government bonds, \$50,000,000,000 worth of which will be maturing shortly. This interest burden will be passed on to the average taxpayer. The bond clipper will increase his holdings of the higher-rate certificates with his high-price profits reinforced with the recent income-tax reduction bonus. The average taxpayer will enjoy only the privilege of paying by way of taxation the increased cost of Government financing. Portfolios of big corporations swollen with undistributed excess profits will be disgorged for the purpose of buying up bonds now held by the average citizen at 2½ percent. These and other corporations—banking, insurance, and investment—will follow the lead in absorbing the new issues bearing interest at 3 percent or perhaps 3½ percent.

The gold clause of the bill has aroused the opposition of committee members, because they fear the ultimate effect upon our economy, especially upon those least able to withstand the shock.

It is no concern of mine nor of the Democrats if the so-called sound-money party, the Republicans, want to commit hara-kiri. What I am worried about is that they will drag the entire country down to destruction with themselves.

I must act on the side of safety; therefore I shall have to vote in opposition to this bill.

LET US BE A DELIBERATIVE BODY

Mr. SPENCE. Mr. Speaker, I yield the balance of my time to the gentleman from New York [Mr. Multer].

Mr. MULTER. Mr. Speaker, we were called back to this special session for the purpose of dealing primarily with two important problems. One of those is to stop the inflationary spiral. We have heard a great deal about who is to blame for it and who is not to blame for it, and what is to blame for it. The people of this country are not interested in talk. The people of this country want us, this Congress, to do something—something positive—something immediate. You cannot do it in 40 minutes of debate. Actually, you will be wasting 40 minutes of time, so far as controlling inflation is concerned, when you devote the time to discussing a bill that obviously makes no attempt to touch upon the real problem that confronts us.

The House Banking and Currency Committee on July 29 opened public hearings with an announcement by the chairman that the hearings were called for the purpose of considering inflation controls.

We heard in our committee three sets of witnesses, Mr. Porter representing the President, the representatives of the Federal Reserve Board, and the Secretary of the Treasury.

Other members of the President's Cabinet asked leave to come before the committee and tell us their views about this

problem and how it should be solved. They were given no opportunity to be heard. Labor organizations asked but could not get permission to come before our committee.

I received a telegram from the Brotherhood of Railroad Trainmen, reading as follows:

I have been directed by A. F. Whitney, president, Brotherhood of Railroad Trainmen, to appear before your committee in support of real anti-inflation legislation. Have requested many times orally and in writing opportunity to appear for maximum of 10 minutes. Have been denied. Am therefore appealing to each committee member to reconsider and make it possible for labor and other organizations of American citizens to be heard on this vital subject of Nation-wide urgency.

It is hard to believe that on a problem of such great importance any committee of this House would refuse as little as 10 minutes to the representatives of great labor organizations for a presentation of their views.

I understand that this is the only piece of legislation that this House is going to be permitted to vote upon in connection with this all important problem. The President in his message submitted an eight-point program, and on July 29, the gentleman from Kentucky [Mr. SPENCE] introduced a bill encompassing that program. The bill now before us covers but two of those eight points. The committee has given it no consideration. If you vote for this motion, this House will lose the opportunity to consider it.

There has been a decided effort on the part of some Members of this House to create the impression that restricting bank credit and consumer credit will solve the entire problem. The record is clear, however, that no one can honestly pretend that any such result can come from enactment of this legislation of so limited a scope.

In the last minutes of the public hearings before our committee we were presented with the bill now before this House. It does permit the restoration of consumer credit controls. It also permits the Federal Reserve banks to increase member bank reserves, but not to the extent that the Federal Reserve Board has recommended.

The unfortunate part of it however, is a provision that had not theretofore been considered in any respect by the committee. This new provision requires the Federal Reserve banks to increase gold reserves from 25 to 35 percent for gold certificates and from 25 to 40 percent for Federal Reserve notes. The Treasury Department is opposed to such a provision and the Federal Reserve Board is opposed to such a provision.

The only persons who can favor such a provision are those who desire to compel the Federal Reserve Board to withdraw from the Government bond market its support. In other words, those who support this change in gold reserve requirements, while talking glibly about stabilization are actually by this measure attempting to force the prices of Government negotiable bonds down under par, demoralizing the market and creating lack of confidence on the part of the public in the financial stability of our Government.

The inflationary effects of the measure will be terrific. What is worse, however, is that it will force up the interest rate on future Government securities which must be issued to redeem maturing bonds.

The committee itself had no proper opportunity to consider the consequences that might flow from the enactment of this legislation. No opportunity was afforded to call witnesses who could shed light upon the subject.

Nevertheless, the committee hearings were ended late on the afternoon of August 4, and the committee immediately convened in executive session and this bill sent to the floor by a strictly party vote. It is most regrettable that a problem of such vital importance, to the solution of which both parties are pledged by their platforms, should be made a political football.

Now this House is asked to suspend the rules and pass this bill with only 20 minutes allowed to those opposed to it. Their request for an extension of an additional 10 minutes has been refused on the ground that haste is necessary.

The problems of this country are far too important to be dealt with in any such manner. If the proponents of this bill are sincere, let them give us a bill providing for the consumer credit and the bank credit restrictions. I predict the bill will pass with a minimum of debate and with little opposition.

Let them give us a separate bill covering the gold reserve requirements sought to be imposed by this bill, and give us time to fairly debate it and vote upon it as a separate measure.

The proponents of this bill no doubt are fearful that under such procedure they could never prevail upon this Congress to pass a bill imposing the proposed gold reserve requirements.

If we vote down this motion the proponents of this bill will be compelled to present it under an open rule at which time not only this but all of the other recommendations of the President for control of inflation can be debated, and proper amendments offered, so that this Congress can enact into law measures that may at least stop the inflationary spiral and halt any further rise in the cost of living.

Let us be a deliberative body as intended by our Constitution.

Mr. WOLCOTT. Mr. Speaker, I yield the balance of the time to myself.

Mr. Speaker, I think we are all agreed that there are two basic reasons why prices are high. One is a policy of cheap money and credit which has predominated since 1935 anyway, for very laudable purposes, up to perhaps 1945, VE-day. All of our activities from 1935 to VE-day in the field of finance and credit were first to lick a depression and second to win the war.

We were more successful in our attempts to depreciate the value of the dollar and in our attempts to increase the national income, with the attendant high prices caused by such an increase in the national income, than we thought we might be.

These measures which the President and the Government recommended and which the Congress passed during that

10-year period did increase the national income, increase purchasing power and savings. They did increase all of the pressures which we find today contributing to inflation and high prices. The mistake which was made by the Government is that in 1945 following VE-day, it did not hold our economy at that level and announce that from then on the Government would adopt a reversal of policy which would tend not only to stabilize our economy and our prices at the level enjoyed in 1945, because even then it appeared necessary to tighten credit and restrict the volume and velocity of credit and money to a point where we would deflate sufficiently to bring about economic stability. Instead of that, in 1945, some economists in Government guessed that we were going to have a postwar depression. In consequence, a message was sent to Congress asking for a reduction in the gold reserves of the banks.

From 1913, when the Federal Reserve Act was originally passed, until June 1945, Federal Reserve banks were compelled to keep a 40 percent gold reserve behind the issuance of Federal Reserve notes, and a 35 percent gold reserve behind their deposit liability. To broaden the base, in order that the gold base could be expanded, both in the field of money and credit, the Congress at that time reduced those gold reserves from 40 and 35, respectively, to 25 percent. That had a tendency, psychological and otherwise, it had an influence, to continue the inflationary spiral which had started previous to that because of the pent-up savings and high incomes which we were enjoying. When the effects of that were known, we should have restored these gold reserves to 40 and 35 percent, respectively from the statutory 25 percent. That at least would have been an indication that it was the policy of Government to tighten up on credit, stabilize prices, stabilize our economy, strengthen America in her position of world leadership.

We gave study to this question last December, and in a bill which we reported out, which did not pass the House because we could not get the required two-thirds majority, this same provision was included.

I would not discuss this at length were it not for the statements made by the gentleman from Texas [Mr. PATMAN], the gentleman from Oklahoma [Mr. MONRONEY], the gentleman from New York [Mr. MULTER], and the gentleman from Pennsylvania [Mr. BUCHANAN], which might indicate that the action taken by the Committee on Banking and Currency of the House and the action which we hope will be taken by the House today, will have a disastrous effect upon Government bonds.

We have said in our report that this economy of ours is being balanced on very sensitive scales. I do not think we want the word to go out to the public, and to those whose obligation it is to manage our debt, that the statements made by the gentlemen I have mentioned reflect the policy of this Congress, and are necessarily reflective of a decline in the Government bond market.

As of this hour, in consequence of what the Committee on Banking and Currency did yesterday in this respect, and in respect to the other limited authority to increase reserve requirements, short-term Government issues today remained steady in price. There was no change in short-term issues; but the long-term bond market reacted to the action taken by the Committee on Banking and Currency, as it should have reacted, and the bond market as of this hour today has gone up from one-eighth to one-quarter of a point. I think that is a complete answer to the statements made by these gentlemen that this is going to be disastrous to the Government bond market. The immediate reaction was to cause the bond market to go up.

Have in mind also that there is now in the aggregate against Federal Reserve deposit liability and Federal Reserve notes not 40 percent but actually a gold reserve of 51 percent. So this disastrous consequence which we hear of today cannot possibly be activated until pressure on gold reserves would bring the actual reserves down to the 40- and 35-percent limitations to which we restored them. We think the net result of the action which we hope to take today will be the psychological effect which it will have upon the stabilization of our money, of our currency, of the dollar, and prices, and that it reflects a reversal of policy. Instead of utilizing the powers which the Government now has to further extend credit, further extend the volume of our currency, and further increase prices, from now on it is going to be the policy of the Government to stabilize our economy, stabilize the value of the American dollar, and stabilize prices. That is the purpose of this bill.

We have authorized the increase of bank reserves by 3 percent against demand deposits. The President's representatives, and the bill which would carry out the President's objectives, would have increased the reserve requirements 10 percent. It was quite generally agreed that if the Federal Reserve were to raise the reserve requirements of the banks by 10 percent it would result in such a sale of Government bonds by the banks, it would result in such a large volume of outstanding loans being called by the banks, that there would be danger that this country would be plunged into the depths of a depression. When we asked the representatives of the Federal Reserve and the Treasury what uses they would put these powers to—would they raise the reserve requirements one-half of 1 percent, 1 percent, 8 percent, or 10 percent—Mr. McCabe, Mr. Evans, Mr. Eccles, Mr. Snyder could give our committee no information whatsoever on the kind of increase that was expected in the foreseeable future.

The highest increase at any one time in Reserve requirements during the past 12 years was when they raised them by 3 1/4 percentage points.

Have in mind also that the bank reserve authority has been exhausted since 1941 except in the central Reserve city banks, namely, New York and Chicago and these reserves can still be increased by 2 percent to 26 percent. Since 1941 this Congress has never been asked to increase the authority, to increase primary

reserve requirements, until the President's message came down to us on the 27th of last month. In the President's message is found the first formal request to the Congress to authorize the Federal Reserve to increase primary reserve requirements. In consequence of the fact that the maximum increase in Reserve requirements at any one time during the past 12 years has been a little over 3 percent, the fact that this program has been static since 1941; the fact that we could not obtain any information as to the amount that the reserve requirements would be raised, we have given them in the bill we hope will pass today what we think is a reasonable and valuable contribution toward making financial stability and the lowering of prices. I am assured that if these powers and the powers which they have are used judiciously we can stabilize our economy and bring prices down.

Mr. JAVITS. Mr. Speaker, due to the short time allowed for debate and my inability to get time in order to debate this measure, I am constrained nevertheless to express my views at this time on this major problem of inflation as it is not by any means gotten on to a solution by this bill. I am in favor of a much broader anti-inflation program of which this bill is only a small part. This bill proposes to enact two of the items of the President's anti-inflation program, those relating to consumer credit and bank credit.

I have shown my own views with respect to the control of the runaway cost of living by introducing a meat rationing bill with Senator FLANDERS as far back as last January, and introducing it again during this special session—H. R. 7070—with added powers to the President for rationing not only at the retail level but also at the wholesaler and producer level.

In addition to controls over key items in the cost of living, such as meat, and other key items of raw or unfabricated materials like steel which affect the cost of living through the products which go into it, I would also favor much broader powers of allocation at the source over such items. I do not feel that these powers will make a police state as the President once said, nor do I share the fears of some of my colleagues about their causing regimentation. I do believe it best to develop and administer controls which will not result in the flight of goods from the markets as was the case with the artlessly administered meat controls in 1946.

In any anti-inflation program there should be a complete review and overhauling of the law providing support prices for agricultural products. In this Congress there was appropriated for the AAA farm-support program alone \$265,500,000, and other large sums are being utilized through the Commodity Credit Corporation to support already very high farm prices.

Management-labor cooperation is also essential in order to maintain the coordination between wages and the purchasing power of the dollar.

Those of us who believe that these are among the basic measures needed to curb inflation must not relent in our fight. The issue is not settled by any means.

The SPEAKER. All time has expired. The question is on suspending the rules and passing the bill, Senate Joint Resolution 157, as amended.

Mr. SPENCE. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 264, nays 97, answered "present" 1, not voting 67, as follows:

[Roll No. 129]

YEAS—264

Abernethy	Gary	Mitchell
Allen, Calif.	Gathings	Morton
Allen, Ill.	Gavin	Muhlenberg
Allen, La.	Gearhart	Mundt
Andersen,	Gillette	Murray, Wis.
H. Carl	Gillie	Nicholson
Anderson, Calif.	Goff	Nixon
Andresen,	Goodwin	Nodar
August H.	Gossett	Norblad
Angell	Graham	O'Hara
Arends	Grant, Ind.	Pace
Arnold	Griffiths	Passman
Auchincloss	Gwynne, Iowa	Patterson
Bakewell	Hale	Peden
Banta	Hall,	Peterson
Barrett	Edwin Arthur	Phillips, Calif.
Bates, Mass.	Hall,	Pickett
Beall	Leonard W.	Ploesser
Bender	Halleck	Plumley
Bennett, Mich.	Hand	Poage
Bennett, Mo.	Hardy	Potter
Bishop	Harness, Ind.	Potts
Blackney	Harrison	Poulson
Boggs, Del.	Harvey	Preston
Bradley	Hébert	Price, Fla.
Bramblett	Herter	Ramey
Brehm	Heseltun	Redden
Brooks	Hill	Reed, Ill.
Brophy	Hinshaw	Reed, N. Y.
Brown, Ga.	Hoefen	Rees
Brown, Ohio	Hoffman	Reeves
Bryson	Holmes	Rich
Buck	Hope	Riehlman
Bulwinkle	Horan	Rivers
Burke	Hull	Rizley
Burleson	Javits	Robertson
Busbey	Jenison	Rockwell
Butler	Jenkins, Ohio	Rogers, Mass.
Byrnes, Wis.	Jensen	Rohrbough
Camp	Johnson, Calif.	Russell
Carson	Johnson, Ill.	Sadiak
Case, N. J.	Jones, N. C.	Sanborn
Case, S. Dak.	Jones, Wash.	Sarbacher
Chadwick	Jonkman	Sasscer
Cheif	Judd	Schwabe, Mo.
Chenoweth	Kean	Schwabe, Okla.
Chipfield	Kearney	Scott, Hardie
Church	Kearns	Scrivner
Clason	Keating	Seeley-Brown
Clevenger	Keefe	Shafer
Coffin	Kersten, Wis.	Sikes
Cole, Kans.	Kilburn	Simpson, Ill.
Cole, Mo.	Kilday	Simpson, Pa.
Colmer	Knutson	Smith, Kans.
Corbett	Kunkel	Smith, Maine
Cotton	Landis	Smith, Va.
Coudert	Lanham	Smith, Wis.
Cox	Latham	Snyder
Crawford	Lea	Stefan
Crow	LeCompte	Stevenson
Cunningham	LeFevre	Stockman
Curtis	Lemke	Stratton
Dague	Lewis, Ky.	Sundstrom
Davis, Wis.	Lewis, Ohio	Taber
Dawson, Utah	Lichtenwalter	Talle
Devitt	Lodge	Taylor
D'Ewart	Love	Tibbott
Dolliver	McConnell	Tollefson
Domengeaux	McCowan	Towe
Dondero	McCulloch	Twyman
Doughton	McDonough	Van Zandt
Durham	McDowell	Vinson
Eaton	McGarvey	Vorys
Ellis	McGregor	Vursell
Ellsworth	McMahon	Wadsworth
Elsasser	McMillan, S. C.	Welch
Elston	McMillen, Ill.	Welch
Engel, Mich.	Mack	Wheeler
Fallon	Macy	Whitten
Fellows	Maloney	Whittington
Fenton	Manasco	Wigglesworth
Fernandez	Mansfield	Williams
Fisher	Martin, Iowa	Wilson, Ind.
Fletcher	Mason	Winstead
Folger	Mathews	Wolcott
Foote	Morrow	Wolverton
Fuller	Meyer	Woodruff
Fulton	Michener	Youngblood
Gamble	Miller, Md.	
Garmatz	Miller, Nebr.	

NAYS—97

Albert	Grant, Ala.	Miller, Calif.
Andrews, Ala.	Hagen	Mills
Battle	Harless, Ariz.	Monroney
Beckworth	Harris	Morgan
Bell	Hart	Morris
Blatnik	Havenner	Morrison
Bloom	Hays	Multer
Boggs, La.	Hedrick	Murdock
Boykin	Heffernan	O'Brien
Buchanan	Hobbs	O'Toole
Buckley	Hollifield	Patman
Buffett	Huber	Pfeiffer
Byrne, N. Y.	Isacson	Philbin
Cannon	Jackson, Wash.	Price, Ill.
Carroll	Jarman	Rains
Celler	Johnson, Okla.	Rankin
Combs	Jones, Ala.	Rayburn
Crosser	Karsten, Mo.	Rooney
Davis, Ga.	Kee	Sabath
Dawson, Ill.	Kelley	Sadowski
Deane	Keogh	Sheppard
Delaney	King	Smathers
Dingell	Kirwan	Smith, Ohio
Donohue	Klein	Somers
Douglas	Lane	Spence
Eberharter	Larcade	Teague
Engle, Calif.	Lesinski	Thomas, Tex.
Feighan	Lusk	Thompson
Fogarty	Lynch	Walter
Forand	McCormack	Wilson, Tex.
Gordon	Madden	Worley
Gorski	Mahon	
Granger	Marcantonio	

ANSWERED "PRESENT"—1

Miller, Conn.

NOT VOTING—67

Abbitt	Gore	O'Konski
Andrews, N. Y.	Gregory	Phillips, Tenn.
Barden	Gross	Powell
Bates, Ky.	Gwinn, N. Y.	Priest
Bland	Hartley	Regan
Bolton	Hendricks	Richards
Bonner	Hess	Riley
Canfield	Jackson, Calif.	Rogers, Fla.
Chapman	Jenkins, Pa.	Ross
Clark	Jennings	St. George
Clippinger	Johnson, Tex.	Scoblick
Cole, N. Y.	Kefauver	Scott
Cooley	Kennedy	Hugh D., Jr.
Cooper	Kerr	Short
Courtney	Lucas	Stanley
Craven	Ludlow	Stigler
Davis, Tenn.	Lyle	Thomas, N. J.
Dirksen	MacKinnon	Trimble
Dorn	Meade, Ky.	Vall
Elliott	Meade, Md.	West
Evins	Murray, Tenn.	Whitaker
Flannagan	Norrell	Wood
Gallagher	Norton	

So (two-thirds having voted in favor thereof) the rules were suspended and the joint resolution was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Vall and Mr. Hugh D. Scott, Jr. for, with Mrs. Norton against.

Mr. MacKinnon and Mr. Jenkins for, with Mr. Stigler against.

Mr. Canfield and Mr. Thomas of New Jersey for, with Mr. Kennedy against.

Mr. Cravens and Mr. Clippinger for, with Mr. Whitaker against.

Mr. Abbott and Mrs. Bolton for, with Mr. Norrell against.

Mrs. St. George and Mr. Cole of New York for, with Mr. Trimble against.

Mr. Gross and Mr. Ross for, with Mr. Powell against.

Mr. Short and Mr. Hess for, with Mr. Gregory against.

General pairs until further notice:

Mr. Andrews of New York with Mr. Richards.

Mr. Dirksen with Mr. Riley.

Mr. Gallagher with Mr. Priest.

Mr. Gwinn of New York with Mr. Cooper.

Mr. Jennings with Mr. Chapman.

Mr. Scoblick with Mr. Bonner.

Mr. Meade of Kentucky with Mr. Wood.

Mr. Jackson of California with Mr. Kefauver.

The result of the vote was announced as above recorded.

The title of the joint resolution was amended so as to read: "Joint resolution to aid in protecting the Nation's economy against inflationary pressures."

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent that all Members may have five legislative days within which to revise and extend their remarks on the joint resolution just passed, Senate Joint Resolution 157.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Carrell, one of its clerks, announced that the Senate had passed joint resolution of the following title, in which the concurrence of the House is requested:

S. J. Res. 239. Joint resolution to provide for an extension of time within which the Joint Committee on Labor-Management Relations shall make its final report.

EXTENSION OF REMARKS

Mr. EBERHARTER asked and was given permission to extend his remarks in the Appendix of the RECORD and include two copies of letters written to Mr. HALLECK and to Speaker MARTIN, signed by a number of Members of Congress.

Mr. KEOGH asked and was given permission to extend his remarks in the RECORD in two separate instances.

Mr. GORDON asked and was given permission to extend in the Appendix of the RECORD an article that appeared in the Washington Times-Herald of August 4 concerning the new type of education in Poland instituted by the Russian-dominated regime, and also to include an article on the freedom of Poland.

Mr. McDONOUGH asked and was given permission to extend his remarks in the Appendix of the RECORD and to include therein two articles from the last edition of the Saturday Evening Post.

Mr. HAND asked and was given permission to extend his remarks in the Appendix of the RECORD.

Mr. WOLVERTON asked and was given permission to extend his remarks in the RECORD and include a resolution passed by the New Jersey Legislature.

Mr. GAMBLE asked and was given permission to extend his remarks in the RECORD and include five separate editorials.

Mr. GAMBLE. Mr. Speaker, I asked permission to insert in the RECORD an article on the works and spirit of William L. Ward, of Westchester. I am advised by the Public Printer that it exceeds the limit established by the Joint Committee on Printing and will cost \$213. Notwithstanding the excess I ask unanimous consent that the extension may be made.

The SPEAKER. Without objection, notwithstanding the excess, the extension may be made.

There was no objection.

LEAVE OF ABSENCE

Mr. MATHEWS. Mr. Speaker, I ask unanimous consent that the gentleman from New Jersey [Mr. CANFIELD] may have an indefinite leave of absence on account of being in the naval hospital.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

EXTENSION OF REMARKS

Mr. STEVENSON asked and was given permission to extend his remarks in the Appendix of the RECORD in two instances; in one to include remarks on the passage of Senate Joint Resolution 157, and the other to include remarks on the farm program and soil conservation.

Mr. WEICHEL asked and was given permission to extend his remarks in the RECORD.

THE INFLATION CONTROL BILL

Mr. KELLEY. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. KELLEY. Mr. Speaker, I voted against this bill today which has proceeded from the House Banking and Currency Committee, this bill allegedly to curb inflation. I voted against it because I consider it a fake, by which I mean that in its purpose it will fool the people. God knows they have been fooled long enough by this Congress.

To put forth this piece of legislation to curb inflation is like sending an infant to do the work of a man. I predict that the purpose claimed for it will not be accomplished, that inflation will continue, the people will continue to suffer, and that one day they will rise in their wrath and smite those who are responsible for it. If the leadership of the Congress does not intend to do what is obviously necessary in this special session, we might just as well go home and save the taxpayers' money. I hope the President will veto the bill and will tell the country his reasons for so doing.

EXTENSION OF REMARKS

Mr. BECKWORTH asked and was given permission to extend his remarks in the RECORD.

Mr. HARLESS of Arizona asked and was given permission to extend his remarks in the Appendix of the RECORD.

Mr. LYNCH asked and was given permission to extend his remarks in the RECORD and include an address.

Mr. HARVEY (at the request of Mr. HALLECK) was given permission to extend his remarks in the RECORD and include an editorial.

UNITED NATIONS HEADQUARTERS LOAN

Mr. EATON. Mr. Speaker, I move to suspend the rules and pass the bill (S. J. Res. 212) to authorize the President, following appropriation of the necessary funds by the Congress, to bring into effect on the part of the United States the loan agreement of the United States of America and the United Nations signed at Lake Success, N. Y., March 23, 1948.

Mr. SMITH of Ohio. Mr. Speaker, I make a point of order against the motion.

The SPEAKER. The gentleman will state his point of order.

Mr. SMITH of OHIO. Mr. Speaker, I am informed by members of the Committee on Foreign Affairs of the House that this motion has not been formally and specifically authorized by the committee.

The SPEAKER. The Chair may say, in order to clarify the situation, that it is possible for the chairman of a committee to offer the motion on his own responsibility and if he does the Chair will recognize him.

The Clerk read as follows:

Whereas the Congress of the United States, in House Concurrent Resolution 75, passed unanimously by the House of Representatives December 10, 1945, and agreed to unanimously by the Senate December 11, 1945, invited the United Nations "to locate the seat of the United Nations Organizations within the United States"; and

Whereas the General Assembly on December 14, 1946, resolved "that the permanent headquarters of the United Nations shall be established in New York City in the area bounded by First Avenue, East Forty-eighth Street, the East River, and East Forty-second Street"; and

Whereas, pursuant to authorization of the Congress in Public Law 357 of the Eightieth Congress, the "Agreement Between the United Nations and the United States of America Regarding the Headquarters of the United Nations" was brought into effect November 21, 1947, defining the rights and obligations of the United States and the United Nations with respect to the above-mentioned site; and

Whereas plans have been prepared for construction on said site of permanent headquarters of the United Nations to cost not more than \$65,000,000, and the United Nations is ready to proceed with such construction as soon as financing can be provided; and

Whereas the present temporary headquarters of the United Nations are inadequate for the efficient functioning of the Organization and retention of its headquarters in the United States can be assured only by the erection of adequate permanent facilities; and

Whereas owing to the current critical dollar shortage, the other member nations are not able to provide in cash at present their respective shares of the cost of constructing the permanent headquarters; other methods of borrowing the necessary funds have been found impracticable; and the permanent establishment of the headquarters of the United Nations in this country will result directly and indirectly in substantial economic benefits to the United States from the expenditures of the Organization and its member nations; and

Whereas in view of the foregoing considerations, the United States representative at the seat of the United Nations in response to an inquiry of the Secretary-General of the United Nations regarding the possibility of a United States Government loan, informed the Secretary-General, with the authorization of the President, by note dated October 29, 1947, that the President would recommend to the Congress the authorization of a loan from the United States to the United Nations for the construction of the headquarters in an amount not exceeding \$65,000,000; and

Whereas the General Assembly of the United Nations, by resolution of November 20, 1947, authorized the Secretary-General

to negotiate such a loan with the appropriate officials of the United States Government, expressly recognizing that such loan would require the approval of the Congress; and

Whereas the United States Representative to the United Nations has negotiated and signed, on behalf of the United States an agreement with the United Nations in the form set forth below, providing for an interest-free loan of not more than \$65,000,000 from the United States to the United Nations to be repaid in annual installments, and said agreement is, by its terms, to become effective on notification to the United Nations that the Congress, with the approval of the President, has made available the funds necessary to be advanced in accordance with the provisions of the agreement: Therefore be it

Resolved, etc., That the President is hereby authorized, following appropriation of the necessary funds by the Congress, or the making available of funds as provided in section 4 (b) hereof to bring into effect on the part of the United States the loan agreement, set forth below, between the United States of America and the United Nations, signed at Lake Success, N. Y., on March 23, 1948, with such changes therein not contrary to the general tenor thereof and not imposing any additional obligations on the United States or relieving the United Nations of any obligations, as the President may deem necessary and appropriate:

LOAN AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND THE UNITED NATIONS

It is hereby agreed by the Government of the United States of America and the United Nations as follows:

(1) Subject to the terms and conditions of this agreement, the Government of the United States will lend to the United Nations a sum not to exceed in the aggregate \$65,000,000. Such sum shall be expended only as authorized by the United Nations for the construction and furnishing of the permanent headquarters of the United Nations in its headquarters district in the city of New York, as defined in the Agreement Between the United States of America and the United Nations Regarding the Headquarters of the United Nations, signed at Lake Success, N. Y., on June 26, 1947, including the necessary architectural and engineering work, landscaping, underground construction and other appropriate improvements to the land and approaches, and for other related purposes and expenses incident thereto.

(2) Such sum, or parts thereof, will be advanced by the United States through the Secretary of State, to the United Nations upon request of the Secretary-General or other duly authorized officer of the United Nations and upon the certification of the architect or engineer in charge of construction, countersigned by the Secretary-General or other duly authorized officer, that the amount requested is required to cover payments for the purposes set forth in paragraph (1) above which either (a) have been at any time made by the United Nations, or (b) are due and payable, or (c) it is estimated will become due and payable within 60 days from the date of such request. All sums not used by the United Nations for the purposes set forth in paragraph (1) will be returned to the United States through the Secretary of State when no longer required for said purposes. No amounts will be advanced hereunder after July 1, 1951, or such later date, not after July 1, 1955, as may be agreed to by the Secretary of State.

(3) All sums advanced hereunder will be receipted for on behalf of the United Nations by the Secretary-General or other duly authorized officer of the United Nations.

(4) The United Nations will repay, without interest, to the United States the principal amount of all sums advanced hereunder, in

annual payments beginning on July 1, 1951, and on the dates and in the amounts indicated, until the entire amount advanced under this agreement has been repaid as follows:

	Amount
July 1, 1951.....	\$1,000,000
July 1, 1952.....	1,000,000
July 1, 1953.....	1,500,000
July 1, 1954.....	1,500,000
July 1, 1955.....	2,000,000
July 1, 1956.....	2,000,000
July 1, 1957.....	2,000,000
July 1, 1958.....	2,000,000
July 1, 1959.....	2,000,000
July 1, 1960.....	2,500,000
July 1, 1961.....	2,500,000
July 1, 1962.....	2,500,000
July 1, 1963.....	2,500,000
July 1, 1964.....	2,500,000
July 1, 1965.....	2,500,000
July 1, 1966.....	2,500,000
July 1, 1967.....	2,500,000
July 1, 1968.....	2,500,000
July 1, 1969.....	2,500,000
July 1, 1970.....	2,500,000
July 1, 1971.....	2,500,000
July 1, 1972.....	2,500,000
July 1, 1973.....	2,500,000
July 1, 1974.....	2,500,000
July 1, 1975.....	2,500,000
July 1, 1976.....	1,500,000
July 1, 1977.....	1,500,000
July 1, 1978.....	1,500,000
July 1, 1979.....	1,500,000
July 1, 1980.....	1,500,000
July 1, 1981.....	1,500,000
July 1, 1982.....	1,000,000

However, in the event the United Nations does not request the entire sum of \$65,000,000 available to it under this agreement, the amount to be repaid under this paragraph will not exceed the aggregate amount advanced by the United States. All amounts payable to the United States under this paragraph will be paid, out of the ordinary budget of the United Nations, to the Secretary of State of the United States in currency of the United States which is legal tender for public debts on the date such payments are made. All sums repaid to the United States will be receipted for on behalf of the United States by the Secretary of State.

(5) The United Nations may at any time make repayments to the United States of funds advanced hereunder in excess of the annual installments as provided in paragraph (4) hereof.

(6) The United Nations agrees that, in order to give full effect to section 22 (a) of the agreement regarding the headquarters of the United Nations referred to in paragraph (1) above (under which the United Nations shall not dispose of all or any part of the land owned by it in the headquarters district without the consent of the United States), it will not, without the consent of the United States, while any of the indebtedness incurred hereunder is outstanding and unpaid, create any mortgage, lien or other encumbrance on or against any of its real property in the headquarters district as defined in said agreement. The United Nations also agrees that the United States, as a condition to giving its consent to any such disposition or encumbrance, may require the simultaneous repayment of the balance of all installments remaining unpaid hereunder.

(7) The effective date of this agreement shall be the date on which the Government of the United States notifies the United Nations that the Congress of the United States, with the approval of the President, has made available the funds necessary to be advanced in accordance with the provisions of this agreement.

In witness whereof, the Government of the United States of America, acting by and

through the United States Representative to the United Nations, and the United Nations, acting by and through the Secretary-General, have respectively caused this agreement to be duly signed in duplicate at Lake Success, N. Y., on this 23d day of March 1948.

For the Government of the United States of America:

WARREN R. AUSTIN,
United States Representative
to the United Nations.

For the United Nations:

TRYGVE LIE,
Secretary-General.

SEC. 2. Sums advanced to the United Nations in accordance with the provisions of paragraph (2) of the aforesaid loan agreement shall be disbursed by the United Nations for the purposes for which such sums were advanced within 90 days after their receipt from the United States. Any funds not so disbursed within that period shall be returned to the United States through the Secretary of State within 30 days thereafter.

SEC. 3. So long as the headquarters district is used as the seat of the United Nations, nothing in this resolution shall be deemed to limit the control and authority of the United Nations over such district as exercised pursuant to Public Law 357, Eightieth Congress: *Provided, however*, That in the event such district is, for whatever reason, no longer used as the seat of the United Nations, the United States shall, in addition to any rights it enjoys under paragraph (6) of the aforesaid loan agreement and section 22 of the Headquarters Agreement (Public Law 357, 80th Cong.), be entitled to recover from the land and buildings in the headquarters district, in advance of all other creditors of the United Nations, any indebtedness incurred under the loan agreement which is then outstanding and unpaid.

SEC. 4. (a) There is hereby authorized to be appropriated to the Department of State, out of any money in the Treasury not otherwise appropriated, the sum of \$65,000,000 to accomplish the purposes of this joint resolution. Amounts received in repayment of such loan shall be deposited and covered into the Treasury of the United States as miscellaneous receipts.

(b) Notwithstanding the provisions of any other law, the Reconstruction Finance Corporation is authorized and directed until such time as an appropriation shall be made pursuant to subsection (a) of this section to make advances not to exceed in the aggregate \$25,000,000 to carry out the provisions of this joint resolution and of the loan agreement referred to in section 1 in such manner, and in such amounts, as the President shall determine, and no interest shall be charged on advances made by the Treasury to the Reconstruction Finance Corporation for this purpose. The Reconstruction Finance Corporation shall be repaid without interest, for advances made by it hereunder from funds made available for the purposes of this joint resolution and of the loan agreement set forth in section 1.

The SPEAKER. Is a second demanded?

Mr. BLOOM. Mr. Speaker, I demand a second.

The SPEAKER. Is the gentleman opposed to the resolution?

Mr. BLOOM. No.

The SPEAKER. The gentleman does not qualify. Is anyone on the Democratic side opposed to the resolution? [After a pause.] Is anyone opposed to the resolution?

Mr. SMITH of Ohio. Mr. Speaker, I am opposed to the resolution and I demand a second.

The SPEAKER. The gentleman qualifies.

Mr. EATON. Mr. Speaker, I ask unanimous consent that a second be considered as ordered.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. EATON. Mr. Speaker, I yield 2 minutes to the gentleman from South Dakota [Mr. CASE].

INVITATION EXTENDED BY UNANIMOUS ACTION

Mr. CASE of South Dakota. Mr. Speaker, on the 5th of September 1945, I introduced in the House of Representatives a resolution which was numbered House Concurrent Resolution 75. The resolution read as follows:

Resolved by the House of Representatives (the Senate concurring), That the United Nations be, and hereby are, invited to locate the seat of the United Nations Organization within the United States of America.

That resolution was reported from the Committee on Foreign Affairs of the House on the 10th of December, 1945, and on the same day, by unanimous consent, that resolution was considered and passed by the House of Representatives unanimously. On the next day, December 11, 1945, the resolution was considered and passed unanimously by the Senate of the United States.

Accordingly, the concurrent resolution inviting the United Nations to the United States was adopted by the Congress without a dissenting vote after being called up by unanimous consent in both bodies.

The proposal before us today is a further step in implementing this invitation which was extended to the United Nations. The invitation was accepted at the time the resolution was adopted. It was regarded as one of the factors taken into consideration by the United Nations Organization in coming to the United States. It is inconceivable to me that today, at this stage in the history of world affairs, having invited the United Nations to the United States, without objection in either body of the Congress, that we should now hesitate at all in making the loan necessary for the erection of the buildings to house the organization.

The resolution now before us should pass by an overwhelming vote.

Mr. SMITH of Ohio. Mr. Speaker, I yield 3 minutes to the gentleman from New York [Mr. BUCK].

Mr. BUCK. Mr. Speaker, most of us believe in United Nations and pray that it will be successful. But just as its benefits will be shared by all participating nations, so should its cost be shared. By the terms of this measure the cost is not shared. Absence of provision for fair interest means that the United States, over the period of the loan, is actually donating the entire sum.

The dangers of the inflationary cancer are decied on every hand. This afternoon this House, having concocted a salve, approved the enactment of that salve into law. But salves do not cure cancer. The cause is too deep seated.

A principal cause of our inflationary cancer is our foolish belief that we can

and should play Santa Claus to the world—dissipating our resources carelessly without regard to the consequences.

We will continue to suffer inflation until we come to our senses as to Government expenditures. Here is a good place to start. Defeat this nonemergency measure now. Then, for the next session, work out a plan whereby, if there must be this gift to United Nations, the giving is shared by such nations as Russia, Argentina, South Africa, and others, all of whom are in better condition financially than we are.

Mr. EATON. Mr. Speaker, I yield 6 minutes to the gentleman from Michigan [Mr. JONKMAN].

Mr. JONKMAN. Mr. Speaker, this is a bill by which it is proposed that the United States loan to the United Nations \$65,000,000 to build a headquarters in New York City. The loan is to be repaid over a period of about 30 years, at the rate of about \$2,000,000 a year. It does not provide for interest; in other words, the loan will not carry interest.

Mr. Speaker, on December 17, 1945, I made a speech in which I said this in regard to the United Nations Organization:

We must not expect too much from this Organization at once. I shall not expect anything but friction in the United Nations Organization for the first 10 years. If they accomplish much of anything, I will be surprised. But if they can hang together for 10 years we may begin to see cooperation.

I said this not in the spirit of pessimism but in the spirit that we must not hope for too much from the United Nations immediately. Consequently, I have not been disappointed. I think they have accomplished much good. We are still hanging together notwithstanding the abuse of the veto by the Soviets and other discouraging features.

I also said at that time that it is high time not that we not stand toe to toe with the Soviets in a threatening attitude but that, sitting across the table from them, we look them straight in the eye and tell them that we mean to uphold our ideals just a little bit more than they mean to propagandize their ideologies. It was more than a year after that that we began to live up to that. We did begin to look them straight in the eye with the Greece-Turkey loan and other measures and tell them that we meant to uphold our ideals. It is true we are just in the beginning of that difficult program but we have made a start. We should not give up because the going is rough.

We are still hanging together. We must consider that this building of the United Nations site is a part of the great world peace movement which, Mr. Speaker, is still our only hope to avoid a catastrophic and annihilating war perhaps sometime in the next generation. I think that only if we carry that point in mind do we have the proper perspective on this loan. It is one of the things that some people may say is not so necessary. I do not say it is vital to the survival of the United Nations but it is one of the things we should do in order to carry out that great plan. Such a

viewpoint will give us a somewhat different concept of it.

I said the loan is to be for \$65,000,000. Remember that this year we appropriated over \$6,500,000,000 for what was practically the same plan, to achieve world peace, 100 times as much. We should not be penny-wise and pound-foolish. I do not think there will be much quarrel about the loan itself. It seems to me the difficulty, if any, is about the interest. Nevertheless, I think that is a sound financial transaction. The people of New York City in reliance on the congressional invitation of 2 years ago have spent \$13,000,000 for a site. Together with the buildings there will be an investment of \$78,000,000.

Various estimates have been made of what we can sell the property for if the United Nations should disintegrate. We have something in the nature of a first mortgage. The construction will carry in mind conversion to business use. It is located in the business section with ample transportation facilities. Most of the surrounding properties have already doubled in value. The estimates of salvage value if the United Nations should disintegrate run all the way from \$50,000,000 to \$60,000,000 to \$70,000,000. Suppose we take the \$70,000,000, that would mean we would have \$5,000,000 more than what we have in there. If the United Nations should disintegrate within a year, that would mean that we would have a profit on it. We would be absolutely safe. We would be absolutely safe without any cost or loss for 10 years. But suppose we discount all of that and take the lower estimates. The point I want to put across is that the interest is going to amount at 1.875 percent to \$600,000 a year. Inasmuch as we contribute 40 percent of the United Nations' budget we would have to pay 40 percent of that anyway if they paid interest. That would mean \$240,000 that we would have to pay at all events. So, Mr. Speaker, it is costing us \$360,000 a year for what? Three hundred and sixty thousand dollars a year to insure that the United Nations survives. Is not that worth that investment? Every year we are out \$360,000 and no more than that. I would not like to have my children or my grandchildren say that for such a little sum I have done something that discouraged the United Nations Organization. I hope we are out the \$360,000 each year for the whole 30 years. For if the United Nations survives for that length of time it will be an outlay which will not only return a hundred, a thousand, or a millionfold but returns in lives and money beyond calculation.

I have not said a word about the other benefits that will accrue. For instance, the business coming to the United States which they say will amount to between \$300,000 and \$500,000 a year. The saving that we will make by not having to send our whole delegation to some place in Europe and pay their transportation and expenses wherever they may have to meet which is another \$300,000 to \$500,000.

I say looking at it in that light it is a sound financial transaction and in view of the fact that it will only cost us \$360,000 a year to keep the United Nations alive, we should not hesitate to vote for this measure.

The SPEAKER. The time of the gentleman has expired.

Mr. SMITH of Ohio. Mr. Speaker, I yield 3 minutes to the gentleman from Michigan [Mr. HOFFMAN].

Mr. HOFFMAN. Mr. Speaker, my good friend from Michigan [Mr. JONKMAN] is thinking and talking as a hard-working and thrifty individual. He is talking about dollars, when he ought to be talking about lives and the future welfare of our Nation. During the war you will all remember, when Russia was in danger of destruction by Hitler, we began to help her and Stalin, and if it had not been for our help, perhaps that country and that philosophy of communism would not be in the picture today.

During the last few months the Congress of the United States has appropriated billions and billions of dollars to end communism. We have Communists here in the Federal Government, according to the recent press. There have been many of them down here in the executive departments. They moved in with the New Deal, and they have never moved out. Today the President refuses to give a Senate committee the files so that it may check charges of communism, just as earlier he refused to give a House committee the files from FBI so that it might check on known gangsters. So we are trying to overthrow communism with our money and with our voices, and soon perhaps by sending our men to fight again on foreign soil, this time under direction of UN, but we are doing very little to get Communists out of the administration—to actually get them out. They have been here, to my own personal knowledge, something like 10 years. They have been carried along on the Federal pay roll and have been given good jobs, positions, and power. Now, what do we propose to do here at home while we are fighting communism abroad? We are going to buy a piece of real estate in the State of New York. One of the tenants will be Russia, and one of the philosophies that will be taught and advocated and made secure there on American soil will be communism. By this bill, we provide a home for Communists who may be brought here by Russia; we give them sanctuary. As in the days of old, a murderer might flee and find safety in a refuge, so we today, seeking to destroy communism—or at least to hold it in check so it may not destroy us—by this and our previous moves give to Communists a citadel of refuge. With \$65,000,000 we erect here on American soil an international safety zone, as it were, over which we will have no jurisdiction, in which Communists may live and thrive and from which top Communists may direct their campaign to destroy us.

If that is not foolish, if that is not downright foolish, silly, and absurd, to give an enemy of our country, the Communists, a home in America, a home over which we will have no jurisdiction

at all, then I do not know how to characterize this action.

We are still the simple-minded, gullible Uncle Sam. We build up Russia and communism. Now by this bill we give both a beachhead on American soil.

Do you not realize that when you give this land to the United Nations you are taking it out of the United States and it becomes foreign soil. Russia and the representatives of Russia on it can do what they please. Just a little while ago we learned from the press reports from the State Department itself that there are Communists who are coming here through the United Nations and teaching here their philosophy.

I am frank to say that according to the investigation that the Labor Committee has held, you will find plenty of Communists who have been getting their orders from abroad making trouble for American workers, depriving them of their right to work. So now we give them a foothold in America. We establish a sanctuary for them and we put them in a place where we cannot later touch them. Instead of having them coming from Moscow, we bring them over wholesale as employees of the United Nations and then we let them go out free of any authority and free from any supervision by the State or Federal authorities and carry on their dirty work.

If that is not silly and absurd, I would like to know what it is. I might just as well ask a burglar who intends to rob me to come in and occupy the spare bedroom in my home and say "I cannot touch you as long as you stay there," and then when I go to sleep have him steal all my goods or assault me.

The SPEAKER. The time of the gentleman from Michigan has expired.

Mr. CHIPERFIELD. Mr. Speaker, as chairman of Subcommittee No. 1 on National Security of the Foreign Affairs Committee, I receive hundreds of letters from all over the country urging that my committee take action to strengthen the United Nations. I therefore was pleased when our distinguished chairman the gentleman from New Jersey [Mr. EATON] held open hearings by the full committee on this vital subject.

Distinguished men and women from all walks of life gave us their views as to what, in their judgment, could and should be done. After receiving suggestions from Mr. Austin, our United States representative to the United Nations, and after consultation with officials of the State Department, I introduced House Concurrent Resolution 202, which is as follows:

Resolved by the House of Representatives (the Senate concurring), That (a) the Congress hereby reaffirms the policy of the United States of endeavoring to achieve international peace and security through the United Nations and the strengthening of its member nations.

(b) The President is hereby respectfully advised that it is the sense of the Congress that the United States Government should take steps to strengthen the United Nations by means of the following:

(1) Continuance of efforts on the part of the United States, by agreed interpretations and procedures or by amendment of the

Charter, to liberalize the voting procedure in the Security Council by such steps as the elimination of the veto in applications of the provisions of chapter VI for the pacific settlement of disputes and in voting on the admission of states to membership in the United Nations;

(2) Promotion of agreements contemplated by article 43 of the Charter to provide armed forces for the purpose of enabling the Security Council to maintain international peace and security, and for the development of international confidence which will permit urgent steps to be taken toward regulation and reduction of armaments, on the basis of effective and enforceable safeguards which will protect complying states against the hazards of violations and evasions and will develop world security;

(3) Development of the potentialities of the General Assembly for promoting cooperation in the maintenance of international peace and security;

(4) Encouragement of the fullest practicable use by every nation of the organs, agencies, and facilities of the United Nations for the fulfillment of the purposes and principles of the Charter;

(5) Continuing consultation with other member nations of the United Nations, as may be desirable and feasible in the light of the progress made in strengthening the effectiveness of the United Nations through the foregoing steps, upon the amendment of the Charter through recommendation of the General Assembly under article 108, or if necessary, review of the Charter at an appropriate time by a general conference called under article 109 or by the General Assembly;

(6) Association of the United States with such regional and other collective arrangements as are based upon self-help and mutual aid and as affect its national security;

(7) Encouragement, support, and assistance, in accordance with the purposes and principles of the Charter, of free nations in their firm determination to defend their independence and liberty against aggression under article 51.

I believe this resolution met with the general approval of the State Department and our representative to the United Nations, and the substance of it, in many respects, was adopted by the full Foreign Affairs Committee when we voted out unanimously a statement of policy on this subject.

At the same time we included several other subjects intended to strengthen the United Nations, one of which was the \$65,000,000 loan to the United Nations by the United States for headquarters in New York City, which is now before us.

I was one of those who felt that we should at this special session, when passing the loan bill, also pass the statement of policy, adopted by our committee, and took part in consultation with our leadership, urging this be done. However, because of the limited nature of the special session it was thought best to pass only the loan bill at this time. We were given assurance, however, and a statement was issued to the press, to the effect that the other matters contained in our package bill, including the statement of policy, would be given top priority as soon as the Congress reconvenes in January. With that assurance my Foreign Affairs Committee adopted the following resolution which states our position with reference thereto:

More than a year ago the Committee on Foreign Affairs began studying afresh a ques-

tion which is disturbing millions of Americans, namely, how to strengthen the United Nations so that it can become a mechanism able to settle disputes between nations equitably and effectively on the basis of world law, and with sufficient moral and military force to prevent aggression and maintain peace.

After the most thorough public review of the subject since the San Francisco Conference, including extensive hearings at which many of the most distinguished and thoughtful men of our time presented their views, the committee prepared and on June 9, 1948, reported unanimously H. R. 6802, a bill to strengthen the United Nations and promote international cooperation for peace. It contained a comprehensive statement of policy and provisions for enlarging and strengthening American representation and assistance to the United Nations, adoption of a convention granting necessary privileges and immunities for delegates and staff of the United Nations, and a \$65,000,000 loan for facilitating construction of the United Nations headquarters on the selected site in New York City.

Members of the committee believe that the most important part of the bill is the statement of policy with respect to improvements in the practices, procedures, and structure of the United Nations which we should strive for if it is to be made capable of functioning as intended. However, because of the fact that this special session was called by the President to consider only certain limited matters, including the headquarters loan; and because the consideration of H. R. 6802 which in large part is outside the designated scope of the session would make it difficult for the leadership to refuse consideration of many other matters also outside that scope; and in view of the fact that the House leadership has given assurance that the remainder of H. R. 6802 will be brought up for consideration by the House early in the next regular session, the Committee on Foreign Affairs has voted to report favorably Senate Joint Resolution 212, which is essentially the same as sections 8 and 9 of H. R. 6802, approving the United Nations headquarters agreement and authorizing \$65,000,000 for the loan.

Mr. JARMAN. Mr. Speaker, the unanimous invitation of the Congress for the United Nations to locate its headquarters in this country was accepted in the face of strong opposition. Thereafter Rockefeller donated a site which cost more than \$8,000,000, and New York City has expended or will expend upward of \$13,000,000 as its contribution. Despite the suggestion of a powerful and obstreperous member of the organization that its headquarters be removed to Europe, and although many delegates were doubtful of the propriety of meeting in Paris in September because of the fear that a serious effort toward this end might occur, I do not believe there is danger of such a change. I do not believe that failure to promptly erect headquarters buildings in New York would create such danger. I am, however, very much afraid that more delay in proceeding with this project after, as has been explained, the ground has been excavated, would create an impression of lack of faith in the United Nations which might prove quite serious.

I have repeatedly expressed the opinion on this floor and elsewhere, even as early as the convening of the Dumbarton Oaks conference, which laid the ground work for the San Francisco conference where the United Nations Charter was

signed, that the United Nations or some similar organization must succeed if civilization is to survive. I also expressed it on the day before as well as the day the San Francisco conference convened. In fact, I wrote my friend, Dr. Clanton W. Williams, a history professor at the University of Alabama, on September 15, 1942, as follows:

Some sort of world court, league of nations, international army or international political force will be necessary after this war and we must do whatever is necessary to provide it.

I still believe this very strongly, and since the United Nations is now in being I think it simply must succeed. I believe it behooves us all, every peace-loving person and nation, to contribute everything possible thereto. Certainly the Congress of the greatest Nation in the world cannot run any risk whatever of creating lack of faith that this will occur. There are many other reasons which argue compellingly for the passage of this legislation, but I am impressed that this is probably the strongest one and that it alone justifies its passage.

This loan was referred to a moment ago as a gift. Instead, it is an excellently secured loan from which many benefits will flow, many of which have been discussed. I wish to emphasize, however, that it is not really a loan of \$65,000,000. This is true because the United States contribution toward United Nations expense is 39.39 percent. It would be much more if actually based on ability to pay. Incidentally a movement to increase it would have undoubtedly occurred but for the probability of this loan. Therefore if the loan were obtained from another source we would contribute approximately \$26,000,000 toward its repayment, and an appropriate comment on the criticism that it is noninterest bearing is that approximately 40 percent of it will be loaned to ourselves. Certainly the advantages which will flow to this country in the enhancement of our leadership in the United Nations, the approximately \$20,500,000 which come annually to our shores because of its presence here, and the saving in travel and communications estimated at \$300,000 annually will fully compensate us for interest on the remainder, to say nothing of numerous other benefits.

No, we cannot run the risk of either decreasing our prestige in this great organization or contributing toward the loss of faith in it which might cause its failure. This might result should we not implement our invitation and the action of John D. Rockefeller and the city of New York by the passage of this legislation. Therefore I am delighted that it is under consideration and hope and believe the vote against it will be small indeed.

Mr. KFE. Mr. Speaker, in adopting the pending measure, the Congress will not only be taking one more step toward carrying out an agreement made in good faith with the United Nations, but it will also be serving the best interests of our Government and our people.

The agreement referred to was made and entered into at Lake Success, New York, on June 26, 1947, between our Secretary of State as the representative of the United States Government and the Secretary-General of the United Nations as the representative of that body. In this agreement, reduced to writing and signed by the respective representatives, it was stipulated that the Government of the United States would lend to the United Nations a sum not to exceed \$65,000,000. This sum to be used for the construction and furnishing of the permanent headquarters of the United Nations in the city of New York. The resolution before us today authorizes the appropriation of the amount necessary to carry out the terms of the agreement.

The agreement further provides for the advancement to the United Nations of parts or installments of the fund from time to time as the work of construction progresses. It also stipulates that the loan shall be repaid, without interest, to the United States in annual installments of from \$1,000,000 to \$2,500,000 each, the dates for such repayments being set forth in the body of the written contract. The writing also contains a provision that all sums not used by the United Nations for the purpose required shall be returned to the United States.

Protecting the interests of the United States is a clause in the agreement providing that the United Nations shall not, without the consent of the United States dispose of, mortgage, create any lien upon nor encumber all or any part of its real property in the United Nations' headquarters district while the debt owing to the United States remains unpaid. The United States may, as a condition to giving its consent to any sale or encumbrance, require the immediate payment of all unpaid installments.

The agreement was evidently carefully drawn, and with the intent to safeguard the United States from any material loss. It may be urged by some people that we will sustain a considerable loss by foregoing interest on the loan. As a matter of fact we lose nothing. The United States is not a lending agency. It is not engaged in the loan business for profit. Making no interest charge is merely foregoing a profit, not losing something the Government already has or owns. The Government is merely accommodating the United Nations and making no charge for the accommodation. The loan is secured and every dollar of it will be repaid.

Why should we not cheerfully and willingly aid in building up, strengthening and giving prestige and dignity to the one great Organization in which the free people of all the world trust for lasting peace and security? Especially is this true since the Organization at our invitation has indicated its intention to make its home and headquarters on American soil.

The United States Government was prompt and diligent in its efforts to induce the United Nations to locate its headquarters in America. On June 26, 1945, the United Nations Charter was adopted at the conference in San Francisco. On December 10, 1945 this House

passed House Concurrent Resolution No. 75 inviting the United Nations to locate its headquarters within the United States. This resolution was adopted by the Senate on the following day. The vote in both branches of the Congress was unanimous.

On February 14, 1946, a resolution was adopted by the General Assembly of the United Nations accepting the invitation of the United States to establish its permanent headquarters in this country. By the same resolution temporary headquarters were established in the New York City area. Later in the year Mr. John D. Rockefeller, Jr., offered to donate funds necessary to purchase a site in New York, and on December 14, 1946, the General Assembly adopted a resolution accepting the offer. A site covering approximately six city blocks in New York City was purchased with the funds so generously provided by a patriotic American.

This Congress by the enactment of Public Law 7, Eightieth Congress, has exempted the gift of Mr. Rockefeller from gift taxes, and by Public Law 357, passed unanimously by both Houses of the same Congress, has authorized the President to bring into effect the United Nations' headquarters agreement to which I have referred.

Financing the construction of the headquarters buildings is now the problem facing the great organization we invited to our shores, and the resolution we have under consideration today offers the logical and certainly commendable solution.

As is clearly set forth in the Foreign Affairs Committee report accompanying the resolution to the floor, it was not only found to be impracticable but impossible to finance construction through contributions from member nations. Thorough investigation also developed the impossibility of negotiating a loan from private sources or banking institutions. The Export-Import Bank lacked authorization, and such a loan was beyond the powers of the Reconstruction Finance Corporation and the International Bank for Reconstruction and Development.

If we should fail to pass the pending resolution the result, in my judgment, would be disastrous. It would mean our repudiation of the solemn agreement made with the United Nations by our Secretary of State. It would mean the disruption and probable abandonment of all plans of the United Nations for construction of headquarters buildings. It means that the American Government will at once be the object of severe criticism by other nations over the world, especially by those other nations that invited and wanted the United Nations headquarters within their borders. It would mean our forfeiture of the trust and confidence of many nations and peoples who have heretofore respected our word as they did our bond. And finally, it might very easily mean that the United Nations, finding itself unable to finance the construction of its headquarters here, will abandon its New York site and start a search for another location in another land.

I am firmly convinced, Mr. Speaker, that it is now and will always be to the advantage of the United States to have the headquarters of the United Nations within our borders. By the same token, it would be to our disadvantage to have them elsewhere. This is the one country in the world in which the headquarters should be permanently located. The Organization is now with us. We must keep it with us.

I hope the pending resolution will be adopted without a dissenting vote.

Mr. EATON. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. JAVITS].

Mr. JAVITS. Mr. Speaker, the American people have shown in numerous polls and otherwise that they are overwhelmingly behind the United Nations as the world's best and perhaps last chance for peace.

The majority has just won a great national debate in which the question was, Shall we tell the Russians to take it or leave it on our proposals to amend the United Nations Charter, or get out of the United Nations, or do we want to try to make the United Nations work as originally designed, if possible.

Mr. Speaker, the resolution before the House today is an effort to clothe those words with actions and to redeem the prestige and authority of the United States, especially with reference to the invitation that was extended to the United Nations by giving it a suitable home here.

I invite any Member of the Congress to go out to the United Nations headquarters at Lake Success and see the "salt mine" in which they work—most of the staff, especially the personnel in the lower echelons, work in an abandoned factory building without natural light or air for most of the personnel. Then, to say whether or not we are acting as host to the world's great hope for peace or suitably accommodating the assemblage of nations which by our invitation is located in the United States.

As to the merits of the proposal—first, the city of New York and the State of New York and a private citizen of the United States have undertaken this project together. The site, worth \$8,500,000, has been donated. The city and State of New York have put up over \$13,000,000 for site improvements and similar items—that is probably going up to \$20,000,000 before this project is completed—and the United States here is asked to loan—I emphasize that—loan \$65,000,000. If it does not, we will have in New York City what I have called before and I call again "a Black Hole of Calcutta," on which the site has been completely excavated and which is waiting for something to be put on it, and that something will be the United Nations' buildings to be financed by this loan.

As to the merits of the loan itself; the loan will be repaid out of the regular budget of the United Nations. I do not think that has been made clear. The United States contributes not most of the money but only about 40 percent to that budget. The reason for the loan having been made interest free is as a

straight quid pro quo on a business basis. Income from the expenditures in the United States of the United Nations delegations and others who come here to the United Nations is estimated at about \$20,500,000 a year. If the question had been: "Shall the United Nations headquarters be paid for outright by a special levy on the United Nations?" would it not have been logical to suppose that the United States would have been asked for a greater proportion of the amount than is shown by its contribution to the normal administrative budget of the United Nations? Let us say the United States would have been asked for at least 60 percent, and with some justice. Instead of paying more than our share of the administrative budget then, into a special building fund, we are making an interest-free loan.

As to the value of the property itself, the Foreign Affairs Committee was very careful on that point and has two appraisals of the property as proposed to be completed. One of these is by the coordinator of construction of New York City, Hon. Robert Moses, who has an enviable reputation. He values the project, on the most conservative estimate, as being worth from 50 to 60 million dollars. Not satisfied with that alone, we also got an appraisal from the head of a leading private real estate firm in New York City, Mr. Charles F. Noyes. He says:

Furthermore, at this time it is my opinion that all real-estate experts will agree that if anything should happen in the future and the Government finds that it owns the property through foreclosure of the \$65,000,000 loan, the loan could be salvaged and probably without loss to the Government.

The loan agreement, which the House is called upon to approve, and the pending bill protect the United States by making this as nearly as may be a first mortgage. If the United Nations ceases to exist, for any reason, the land and the buildings become the property of the United States, so it is a business matter. It is a loan and as well and intelligently secured as practicable.

One final point: Would it not be anomalous for us, as has been said by the gentleman from Michigan, to be spending billions of dollars for armament, and then to bridle at \$65,000,000, a loan with adequate security, which we are asked to make in the cause of peace; and in the cause of enabling the institution for peace to have a haven in the one place in the world where we know it will be safe, in the United States? Are we not a generous enough host to extend to the United Nations Organization which is here in response to our own invitation in which the hope for peace of hundreds of millions of people is wrapped up, just that degree of hospitality?

The SPEAKER. The time of the gentleman from New York [Mr. JAVITS] has expired.

Mr. SMITH of Ohio. Mr. Speaker, I yield 1 minute to the gentleman from Ohio [Mr. BREHM].

Mr. BREHM. Mr. Speaker, I voted for the United Nations and still trust

that it may hold the last great hope for peace. The only question in my mind is whether this is the time or the place to construct this building. In my judgment it is neither.

Who is going to occupy this building? Will they be Communists? Will they strive for cooperation or confusion? We are not certain, and I maintain that until we are permitted to inquire, investigate, and know who will occupy this building we should not divert this \$65,000,000 worth of critical material and scarce labor to constructing a building of this type when our own American citizens and veterans cannot get the construction they need for ordinary homes. The gentleman from New York [Mr. JAVITS] referred to the excavation of the basement and likened it to the Black Hole of Calcutta. Well that is just too bad. I can think of several things with which the hole could be filled and it is not \$65,000,000. I am not willing to use already scarce material and labor to provide a bung for that hole.

The hole never should have been dug until they knew definitely whether or not they were going to secure this money to construct the building.

I think it should also be pointed out that the donation of this site for the United Nations headquarters removes \$8,000,000 from real-estate taxes in the city of New York. Who is going to make up this loss in revenue? Furthermore, no provision is made to provide schooling or health protection for the school children who will come into this area under this program. Neither is there provision for fire or police protection. Since this site does not have the protection of the police and fire departments of the city of New York, the question arises, would a fireman or a policeman be covered by insurance if he should be ordered out to fight a fire or pursue a criminal in an area not having fire and police protection as provided for in the metropolitan area.

Another feature is the diversion of steel. Those of us living in less populated areas are not confronted with this vital subject, but it is mandatory that steel be used in the New York area for the construction of apartment buildings. In this program we see the diversion of this critical and high-priced commodity going into the construction of a building which could easily be postponed, at the expense of much-needed houses for our own American citizens. In fact, would it not be the part of wisdom to wait until a building slump might arise, as some seem to fear is inevitable, and then use this public-construction program as a means of providing employment to those engaged in the construction and manufacturing of buildings and materials.

In conclusion, Mr. Speaker, I simply want to emphasize that I am not opposed to the United Nations Organization, but on the contrary have tried in every way I know to strengthen its authority by attempting to have the Greek-Turkish situation, as well as the Palestine question, referred to them for action. I am really sorry that the UNO was ever in-

vited to come to America. In my opinion it will bring foreign intrigue along with it. The idea of stating that if we have it here in America we can watch and keep check on it is silly. The present exposé of communistic infiltration into high places of our Government shows how silly such an argument is.

We should also remember that the Brooklyn Navy Yard is directly across the street from the proposed UN headquarters and that with a pair of field glasses practically every operation of this navy yard can be viewed from this proposed building. I am more inclined to believe that foreign agents would be able to keep a much closer check on our navy yard operations than we would be to keep a check on them. I therefore repeat that, in my opinion, this is not the time nor the place to construct this building, especially since they already have a place to meet and are getting along very well in their present quarters.

Mr. SMITH of Ohio. Mr. Speaker, I yield 1 minute to the gentleman from Minnesota [Mr. KNUTSON].

Mr. KNUTSON. Mr. Speaker, all hope and pray that the United Nations may continue to function, gain in power, and to preserve peace; but it is an experiment, and as such it would seem that we should look ahead.

I am going to vote for this appropriation because it is the only way we now have to that end, but I feel that a provision should have been inserted in this resolution to the effect that if the United Nations should unfortunately blow up the buildings could be converted to housing purposes. In order to do that there should be inserted a provision placed in the measure providing that all UN structures should be such as to lend themselves to conversion to housing.

Mr. JAVITS. Mr. Speaker, will the gentleman yield?

Mr. KNUTSON. I yield.

Mr. JAVITS. There is a provision for the United States to repossess this property should the United Nations go out of existence.

Mr. KNUTSON. But it might cost all the buildings were worth to reconvert to living quarters.

Mr. JAVITS. The main building is an office building.

Mr. KNUTSON. Well and good, but let the other buildings be so arranged that they could, without too much cost, be converted to apartments. In that way we could salvage a considerable part of this money and at the same time relieve our housing shortage by that much.

Mr. SMITH of Ohio. Mr. Speaker, I yield 2 minutes to the gentleman from West Virginia [Mr. ELLIS].

Mr. ELLIS. Mr. Speaker, to propose that we give the United Nations \$65,000,000—it is presently dignified by being called a loan—to build a temple in New York is nothing short of ridiculous.

Housing is one of the most important questions now before the American people. Sixty-five million dollars would build 6,500 \$10,000 homes for veterans. To go into the material and labor market now for this useless construction will

drive prices up to that extent because it will compete in an already short market.

We are requesting all political subdivisions to withhold all construction, unless it is absolutely imperative, and let a maximum of materials and labor go into housing. That is as it should be. It is unbelievable that we would consider this proposal at this time when inflation and the high cost of living concerns us very much. We do not hear any complaints about their present quarters at Lake Success. From what I have seen around the country, I feel sure there are surplus war buildings; I have in mind abandoned airfields, that could be made suitable for their use at much less cost, if it is determined that we want it permanently in this country.

Marriner S. Eccles, whose judgment all of us respect, advises us in our fight against inflation and high prices, to "encourage States to cut down spending and let the Federal Government set an example;" and further, "Don't let political reasons lead the Government into backing a housing program in excess of materials and labor available."

Now in the face of existing conditions, you propose a \$65,000,000 building that in no sense is necessary. And I believe we should delay this \$65,000,000 building until we can investigate the charges of communism that have been hurled at the United Nations by responsible people. The State Department has informed committees of Congress in so many words that the United Nations is a hotbed of communism and is being used as a vehicle for entry of thousands of Communists into this country contrary to the laws of the land.

I can think of a hundred reasons why this \$65,000,000 should not be spent for building at this time, and I have not heard one good reason in support of the proposal.

Mr. SMITH of Ohio. Mr. Speaker, I yield myself the balance of the time on my side.

Mr. Speaker, this bill—Senate Joint Resolution 212—provides for the construction of a building in New York City to house the United Nations Organization. It would divert from the home-building industry a huge amount of building material and labor and thus deprive many thousands of families of homes.

Mr. Marriner Eccles, whose qualification to speak on this question cannot be challenged, testified before our committee that the erection of this building in New York City "is something that could be deferred; that the United Nations seem to be housed in a manner in which they can operate and it would seem advisable to defer that until we know a little bit more about the international situation and the United Nations relationship to it and until such time as there are more building materials and labor available, because any construction, of course, competes with all other construction."

Mr. Eccles is so right in this. The venture would intensify competition for material and labor in the building industry. This would be decidedly inflationary.

The proponents of the bill say the amount of inflation that would be created would be small and that the merits of the proposal outweigh its evils. I deny this.

The menace of recognizable actual and potential inflation and the immediate need for constructing a building for housing the United Nations Organization are just about as 1,000,000 is to 0.

But worse than that is the fact the erection of this elaborate United Nations palace in New York City would provide a permanent home in the United States for Stalin's agents. It would provide a solid base for them to carry on their satanic work of destroying our Government and institutions. The International Organizations Immunities Act and the United Nations Headquarters Site Agreement Act would firmly establish this base. Under these acts Stalin's agents cannot be touched.

Mr. Robert C. Alexander, Assistant Chief, Visa Division, Department of State, whose knowledge of the subject upon which he speaks cannot be questioned, testified before the Revercomb committee:

You can assume that all of the countries behind the iron curtain are going to fill up their missions with Communists or Communist agents. You take that for granted. You do not assume that they will send persons not in sympathy with their governments.

Of course, to expect anything else would be plain asininity. Every person that is now in the United Nations Organization or that will become attached to it in the future coming from behind the iron curtain is, or will be, an agent of Stalin, whose sole task is to overthrow the Government of the United States and bring our people under his heel.

Mr. Alexander in the testimony referred to, said there were approximately several hundred persons of a subversive character brought into the United States by the United Nations.

Would Stalin have nominated, through his representative, Trygve Lie for the position he now holds, Secretary General of the United Nations, had he not been certain beyond peradventure that Trygve Lie is a Communist and amenable to his dictates? I pause to give any Member in the House opportunity to assert that Stalin would recommend the appointment of anybody who is not subservient to his will to any position. No one has risen.

All this is bad enough, but we should not be so naive as to believe that Russia is the only contributor of Communists to the United Nations. Communism is a powerful force in France and other European countries. That it exercises a degree of control over the appointment of persons from those countries to the United Nations, and all other international organizations, will not be denied by anyone who knows the facts. Certain it is that there is a measure of cooperation of the communistic forces from those countries in the United Nations Organization with Stalin's agents. Exactly the same thing is true of the Latin American countries where communism is becoming powerfully entrenched.

I assert that the United Nations is the haven of the world Communist movement with, of course, Joseph Stalin as its head. The United Nations is serving him in good stead in directing his spy network in this country which is at last coming to light. Housed in New York City the United Nations becomes the very ultima ratio for the communistic overthrow of the United States by violence and force.

It is a deception to call this a loan. Every Member of Congress knows, or ought to know, that the United States would in all probability pay practically all of the cost. I was amazed at the statement made by the gentleman from Michigan [Mr. JONKMAN] that the transaction would cost the United States only between three and four hundred thousand dollars a year. The money would have to be raised by a public debt transaction. At 2.107 percent interest, the average rate on all interest-bearing debt, the transaction would cost the United States taxpayers more than \$4,000,000 for the first 3 years.

The political authority of our Government has almost continuously for about 30 years pursued a policy of directly or indirectly expropriating the produce of our labors and gratuitously handing it over to political authorities in Europe and other countries. First there were the loans made to foreign countries in connection with World War I.

Then there were the foreign securities sold to private citizens in the 1920's which securities were salable only because the political authority controlling the Government approved them and encouraged their sale. The heavy losses suffered by the investors in those securities must be directly charged to the policy of the political authority of that period.

Then came the gold-purchase program in 1933 and 1934. The pockets of the American people were picked to the tune of many billions of dollars for the payment of enormous premiums on gold purchases. Lend-lease came next. Then postwar II gratuities to foreign countries and finally we have the 5-year projected Marshall plan. The total would greatly exceed \$100,000,000,000.

The trend of increasing expropriation of American producers and gratuitously handing the fruit of their labors over to foreign political authorities, which are now practically all collectivist states, is definitely upward and becoming more and more a permanent fixture upon the American economy.

When the above facts are considered in connection with the Federal debt, unconscionable taxes and the deep-seated political corruption in which the United States is now mired, it would be anyone's guess as to what the ultimate money cost of the United Nations' structure would be to our taxpayers. It is reasonably certain that we will pay much more than the principal amount of \$65,000,000 and it should surprise no one if it should cost us roundly \$100,000,000 in the next 34 years, the alleged life of this euphemistically designated loan.

I am unalterably opposed to this bill because it would rob many families of

needed homes, intensify inflation, and give Stalin's agents a foothold that we might never be able to disestablish.

Mr. BUCK. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Ohio. I yield to the gentleman from New York.

Mr. BUCK. I think the gentleman would be interested to hear that there is such competition for building labor in the New York area now that certain building mechanics are demanding overtime which brings their weekly rate of pay to \$240.

Mr. EATON. Mr. Speaker, I yield such time as he may desire to the gentleman from Minnesota [Mr. Judd].

Mr. JUDD. Mr. Speaker, I have always thought it would have been better for the United Nations and its effectiveness if its headquarters had not been located in the United States or any of the other major powers. It is more easily subject to national pressures, or at least the other strong nations fear that it will be unduly influenced by the host nation. Our forefathers were extremely wise when they set up the United States Government in an area, the District of Columbia, independent of any of the units comprising the new organization.

Or, if the United Nations were to be in America, it would have been better to have it almost anywhere else than New York City, our least American and most European city.

But the headquarters is here and at the invitation of the Congress and the Executive. We have made a commitment. I do not see anything for us to do but to vote the loan, which is a sound loan, and assist the United Nations in getting suitable quarters in which to work. Let us do everything within our power to assist it in becoming the kind of organization that can do the job the war weary and apprehensive peoples of the earth want it to do—establish justice and settle international disputes peacefully.

Mr. Speaker, I regret exceedingly that it did not prove possible to bring before the last session or this session the whole bill, H. R. 6802, of which this resolution today represents only one of five main provisions. They deal with all aspects of the functions of the United Nations and of the United States relations to the United Nations. All of these provisions are necessary. Anything less is piecemeal legislation.

The statement of policy in section 1 of the act was drawn with the greatest care, and commands the support of all the various groups in our country which have been most active in studying and promoting sound proposals for international organization for peace. It is not all that many want, but I believe events will prove it sound and the first real forward step since San Francisco. May I read the statement of policy:

SEC. 1. * * *

(b) It is the policy of the people of the United States through constitutional processes to strive to accomplish the aims and purposes set forth in the Charter of the

United Nations and to strengthen the United Nations by—

(1) Confirming the status of the United Nations in its site within the United States with appropriate privileges and immunities, facilitating its headquarters-building program, and increasing the effectiveness of the United States in the work of the United Nations;

(2) Seeking by voluntary agreements, interpretations, and practices to improve the functioning of the United Nations, to liberalize the voting procedures in the Security Council, and to eliminate the veto on all questions involving pacific settlement of international disputes and situations, and the admission of new members;

(3) Pressing for agreements to provide the United Nations with armed forces as contemplated in the Charter, and for agreements to achieve universal control of weapons of mass destruction, and universal regulation and reduction of armaments, including armed forces under adequate safeguards to protect complying nations against violation and evasion;

(4) Encouraging, and associating the United States with, such regional and other collective arrangements for self-defense as are consistent with the Charter, are based on continuous and effective self-help and mutual aid between free nations, and affect the national security of the United States; and making clear the determination of the United States to exercise the right under the Charter of individual or collective self-defense in the event of any armed attack against a member affecting the national security of the United States; and

(5) Initiating consultations with other members concerning the need for and possibility of so amending the Charter as to enable the United Nations more effectively to prohibit and prevent aggression or other breaches of the peace.

Mr. Speaker, the majority of the committee was reluctant to bring out just the headquarters loan without the remaining sections of H. R. 6802. However, in view of the special circumstances prevailing, the committee agreed to do so, accompanying the bill with the following statement of explanation:

STATEMENT BY THE COMMITTEE ON FOREIGN AFFAIRS REGARDING SENATE JOINT RESOLUTION 212, THE UNITED NATIONS HEADQUARTERS LOAN

More than a year ago the Committee on Foreign Affairs began studying afresh a question which is disturbing millions of Americans, namely, how to strengthen the United Nations so that it can become a mechanism able to settle disputes between nations equitably and effectively on the basis of world law, and with sufficient moral and military force to prevent aggression and maintain peace.

After the most thorough public review of the subject since the San Francisco Conference, including extensive hearings at which many of the most distinguished and thoughtful men and women of our time presented their views, the committee prepared and on June 9, 1943, reported unanimously H. R. 6802, a bill to strengthen the United Nations and promote international cooperation for peace. It contained a comprehensive statement of policy, and provisions for enlarging and strengthening American representation and assistance to the United Nations, adoption of a convention granting necessary privileges and immunities for delegates and staff of the United Nations, and a \$65,000,000 loan for facilitating construction of the United Nations headquarters on the selected site in New York City.

Members of the committee believe that the most important part of the bill is the statement of policy with respect to improvements in the practices, procedures, and structure of the United Nations which we should strive for if it is to be made capable of functioning as intended. However, because of the fact that this special session was called by the President to consider only certain specified matters, including the headquarters loan; and because the consideration of H. R. 6802 which in large part is outside the designated scope of the session would make it difficult for the leadership to refuse consideration of many other matters also outside that scope; and in view of the fact that the House leadership has given assurance that the remainder of H. R. 6802 will be brought up for consideration by the House early in the next regular session, the Committee on Foreign Affairs has voted to report favorably Senate Joint Resolution 212, which is essentially the same as sections 8 and 9 of H. R. 6802 approving the United Nations headquarters loan agreement and authorizing \$65,000,000 for the loan.

Mr. Speaker, I urge favorable action on the joint resolution before us.

Mr. EATON. Mr. Speaker, I yield such time as he may desire to the gentleman from California [Mr. Bradley].

Mr. BRADLEY. Mr. Speaker, I shall vote for this bill as I feel that to do otherwise, even under present conditions, might appear to be a direct slap at the United Nations, the success of which is so important to all of us.

I regret that this matter of building a headquarters for the United Nations has come up at the present time due to the large quantities of building material which will be diverted from home building for the purpose of the United Nations headquarters.

The materials likely to be used by the United Nations would construct about 8,000 separate homes for the people of the United States and it would seem preferable in many ways to utilize these materials for such homes and let the United Nations organization continue to function in its temporary quarters at Lake Success. I know that these temporary quarters are not suitable, yet I am inclined to think that housing for our own people right now might well take preference over the provision of an adequate and suitable home for the United Nations.

I favor the United Nations and, under ordinary conditions, would approve of this legislation without a qualm of conscience. Now, however, while voting for it, I wish that it might have been postponed for a year or two.

Mr. FOOTE. Mr. Speaker, the consideration of Senate Joint Resolution 212, providing for a \$65,000,000 interest-free loan to the United Nations for a permanent headquarters in New York, is a matter of deep concern to both myself and the constituents of the Third District of Connecticut.

During the past few months, I have been the recipient of considerable correspondence from constituents in my district advocating favorable passage of this legislation. These constituents have expressed not only their deep concern for a permanent headquarters for this Organization but their sincere hope

that the ultimate benefits to be gained by such Organization situated within the bounds of these United States, will far overshadow the expense of providing them with adequate housing facilities and headquarters.

Our participation in two major world wars in the past 25 years, and the sacrifices freely made by our people, in the loss of their beloved ones, support of every Government loan drive, and their physical efforts in support of national defense, have brought forcibly to their minds the ray of hope for some peaceful solution of the world's problems. These people, who have given their all, certainly do not wish to again see us embroiled in major conflict, and they are unquestionably sincere in their opinion that such ray of hope lies in the continuation of the United Nations Organization.

The sum of \$65,000,000 to be expended for adequately housing this Organization is relatively insignificant compared to the sacrifices that have been made by our people to fight and gain victory in the past two major world wars. Such victory is hollow without having achieved by it a permanent and lasting peace for all the peoples of the world.

I do not feel that this Congress has any intention of diminishing the ray of hope held by our people for some form of enduring peace. To my mind, the nurturing of the present United Nations Organization, and confining such headquarters within the bounds of our United States, will be a proper step in the right direction. The Organization has had a rather stormy career, but we must not lose faith. After the adoption of our own Federal Constitution there were many who were skeptical concerning its future.

It is therefore my sincere hope, Mr. Speaker, that the Congress will pass this very worthy legislation, which is of such vital importance to the well-being and morale of our people, without further delay.

The eyes of millions of peace-loving Americans are upon us; in fact, Mr. Speaker, the eyes of peace-loving peoples of the world are upon us. It therefore behooves us to fulfill their earnest hope and desire for a continued and permanent peace.

Mr. EATON. Mr. Speaker, it is quite possible even under the most tragic and difficult conditions ever confronting mankind that we approach this problem by piecemeal, but there is only one approach which will finally bring us to anything that is sound in the way of a conclusion and in the way of action, and that is to observe and understand the problem as it is in all its parts.

Our Foreign Affairs Committee some months ago was under great pressure from all parts of the country asking us to do something to strengthen the United Nations as the foundation of a new world civilization. We called for witnesses, and we had a magnificent company of leading men and women from all over this Nation representing great fundamental interests, who gave us a

very informative and rational set of remarks and arguments. We prepared then a bill which included, among other important things, this loan for \$65,000,000. That bill unfortunately fell down in the pressure of ending up the meeting of the Congress in June. So we are here today face to face with a responsibility from which there is no escape.

If we turn this proposal down, we will announce to the world that this Congress has turned its back on the position which the people, the Congress, and the administration have assumed up to now in the support of and welcome to this great world organization. So, I ask you men and women of this body when you vote here today to bear in mind the tremendous responsibilities that rest upon you in giving housing to this vitally important United Nations organization.

We are not giving away \$65,000,000; we are investing it on a mortgage. We have substantial security. We can take charge of the buildings any time we have to. There are at least four great buildings proposed. One of them will be 41 stories high, and obviously it can be converted at short notice if necessary for business purposes.

The State of New York and the city of New York have already spent over \$13,000,000 to advance this enterprise. Mr. Rockefeller, who, as you know, is in somewhat straitened circumstances, has contributed over \$3,000,000 toward this. If we let the organization build the building, we would have to put up 40 percent of it anyway, and if we loan it we will get it back in time in full, and our mortgage interest will then be canceled.

In closing, I come back to where I started. You stand face to face with the most tremendous challenge to your resources of brains and character and patriotism and understanding that has ever confronted mankind.

I plead with you in the name of human freedom not to drive this institution across the Atlantic and put it under the control and power of the Russian Communist program; as it surely will be if it goes over there. We have them here. Let us keep them here. Let us keep our eye on them. Let us put the force and power and intelligence of our Nation behind this thing. Let us let the world know that we believe in world civilization; that we believe it can be done.

We have the center of a new world civilization here. Let us house it properly. Let us support it properly. We are for it against all comers. In God's name, let us stand up today and face this situation from the world point of view—from the point of view of world humanity and the spiritual challenge which it makes to us whether we shall enthrone slavery or freedom in this Nation and throughout the world.

As for me, I am for this. I am going to vote for it and I hope and believe all Members will be equally intelligent and vote for it.

The SPEAKER. The question is on suspending the rules and passing the resolution.

The question was taken; and on a division (demanded by Mr. BUCK) there were—ayes 164; noes 27.

Mr. SMITH of Ohio. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. The Chair will count. [After counting.] Two hundred and thirty-six Members are present, a quorum.

So (two-thirds having voted in favor thereof) the rules were suspended and the resolution was passed.

The SPEAKER. Under special order heretofore entered, the gentleman from New York [Mr. JAVITS] is recognized for 10 minutes.

HOUSING—ANSWERING THE ARGUMENTS MADE AGAINST T-E-W BILL

Mr. JAVITS. Mr. Speaker, all agree that the housing shortage is still acute. The proponents of the Taft-Ellender-Wagner bill contend it will be the best means for dealing with the housing shortage and for establishing a national housing program for the next 10 years, while its opponents, including those in the House, have made three contentions:

First. All the available men and materials for housing construction are already being utilized; second, private industry is building enough to meet the emergency; and, third, the T-E-W bill will have an inflationary effect. It will be useful to answer these points in turn:

First. That present housing construction is already utilizing all the men and materials available. This contention will not stand examination because while private residential construction in the first 6 months of 1948 totaled \$3,100,000,000, nonresidential construction and public construction totaled \$3,600,000,000. Of this amount, \$1,650,000,000 of commercial construction was not alone for factories but was for stores and offices, many of which we could well do without. Furthermore, social and recreational construction alone—the bowling alleys and the swimming pools and race tracks—reached a volume of \$80,000,000 in that period—an increase of 110 percent over the same period in 1947. The materials supply situation has been improving very markedly—for example, at the end of May 1948, stocks of hardwood flooring were two and one-half times what they were in 1947 and stocks of oil burners five and one-half times. There are still shortages of cast-iron soil pipe, nails, cement, and steel, but as to these I have already pointed out the large-scale diversion of men and materials to nonessential construction.

The manpower situation has also improved very markedly, and no effective argument can be made of shortage of manpower in view of the large amount of nonresidential construction still going on. In 1947 the Congress took off the controls on commercial construction, and in 1948 on social and recreational construction as well. Tables bearing out these points follow at the end of these remarks. The uncontrolled building of such structures at a time of great

national emergency in housing can hardly be understood by any veteran who risked his life for his country during the war and who, 3 years after the war, is still living doubled up with relatives.

The T-E-W bill is also criticized because it will put the Government in the housing business to compete for scarce men and materials. But it will do nothing of the kind. It provides for only a maximum of 100,000 units of public housing per annum; this is 10 percent of present housing construction and would be 7½ percent of the construction expected under the T-E-W bill. That is the least which can be done to bring a share of the new housing within reach of those in the lower income brackets who need it most. T-E-W will reduce costs and accelerate private construction; it will not compete with it.

Second. Private industry is doing the job. Even if this were true, it is a fact that the housing produced is not within the price range, either for sale or rental, of those in the middle- and lower-income levels who need it most. The average price of a home around New York City is \$13,000, veterans generally cannot pay more than \$6,000. Housing starts in June 1948 decreased about 4 percent from those in May 1948. Not less than 30 percent of the housing construction in the country was done prior to March 31, 1948, under mortgage-insurance provided by title VI of the National Housing Act. It is freely predicted even by real-estate interests that 100,000 additional home units will be lost this year because title VI went out March 31, 1948, and it is estimated that total housing completions this year will not be much more than 900,000 units. In the face of an immediate demand from two to four million veterans living doubled up with relatives, an answer from the housing-construction industry is hardly business as usual.

Third. It is said that the T-E-W bill would be inflationary in its effect. This must be premised on the absolute expenditure involved. Commitments under the T-E-W bill are a maximum of \$160,000,000 of subsidies per year with a total of \$1,610,000,000 to \$2,610,000,000 of insurance authorization, and \$1,310,000,000 to \$1,560,000,000 of revolving loan funds generally considered collectible; there is general agreement on the United States being committed for the insurance authorizations whether or not T-E-W passes. That leaves a maximum of \$160,000,000 yearly in subsidies. There is no such outcry, however, as meets this expenditure for housing lower-income families, when it comes to aiding certain special interests. It is, therefore, interesting to compare the expressed fears of inflation due to a housing bill with the following appropriations made by the Eightieth Congress:

Rural electrification.....	\$636,000,000
Soil conservation.....	203,000,000
AAA farm support program.....	265,500,000
Reclamation projects.....	156,000,000
Flood control, rivers and harbors.....	900,000,000
Federal aid to highway construction.....	1,147,000,000
Foreign aid and the ERP.....	7,000,000,000
Total.....	9,301,500,000

Certainly any expenditure at a time like this is inflationary. Yet any one of the great expenditures I have mentioned could certainly not rate superior to housing. The inflationary effect of the T-E-W bill, such as it is, is not the fault of housing but of our over-all general responsibilities. How can it be said to be inflationary to build permanent assets like homes as against farm support payments that will go in the banks as money where there is already plenty of money. Housing in order to meet a basic emergency is an elementary need of the American people, and certainly should not be discriminated against.

To sum up, first, the T-E-W bill remains the only comprehensive housing bill before the Congress. It is the only bill which to the country will mean a sustained long-range construction program to meet its housing needs, as well as a prompt start on a broad enough scale to really help in the housing emergency. Second, private industry is not doing, and cannot do, the job of meeting the emergency all by itself, and the worst thing which is happening to the private-construction industry in its effort to meet problems greater than its capabilities is the way in which it is earning public disapprobation—the housing industry ought to be out fighting for T-E-W. Finally, in a monetary sense, housing is no more inflationary than rural electrification, soil conservation, flood control, and aid to highway construction. It is at least as important, if not more so, than these activities. Nor can we say that anything is inflationary that adds to the real assets of America with the tangible values which are added by housing. The shortage of men and materials is an excuse, not a reason, for we are diverting a big part of the men and materials available for construction to nonresidential construction, including social and recreational. The T-E-W bill, promising a sustained production program of homes for 10 years at least, will naturally bring in its wake a great broadening of the production of construction materials and the entry of many thousands of additional workers into the industry because of the security and stability which it will afford. There is no substitute for the T-E-W bill and for the acceptance of national responsibility for the people's welfare which it implies.

TABLE 1.—Value of new construction put in place, by type, first 6 months of 1947 and 1948

Type of construction	First 6 months—		Percent change
	1948	1947	
Total new construction.....	\$7,684	\$5,677	+35.4
Total private.....	6,064	4,432	+36.8
Residential building (nonfarm).....	3,100	1,935	+60.2
Nonresidential building (nonfarm).....	1,651	1,504	+9.8
Social and recreational.....	80	38	+110.5
Industrial, commercial, and all other.....	1,571	1,466	+7.2
Farm construction.....	200	160	+25.0
Public utilities.....	1,113	833	+33.6
Total public.....	1,620	1,245	+30.1

Source: Bureau of Labor Statistics and U. S. Department of Commerce.

TABLE 2.—Production of construction materials, composite index, by month for the years 1946, 1947, 1948

Month	Year		
	1946	1947	1948
January.....	89.5	124.6	131.5
February.....	87.2	124.0	121.5
March.....	109.1	132.7	140.3
April.....	120.4	138.2	142.9
May.....	125.3	141.2	145.7
June.....	129.2	139.7	-----
July.....	134.6	142.8	-----
August.....	147.9	147.6	-----
September.....	142.1	149.1	-----
October.....	150.8	159.0	-----
November.....	139.5	139.6	-----
December.....	125.9	136.5	-----

NOTE.—This composite index includes 20 materials. Source: U. S. Department of Commerce.

TABLE 3.—Building materials in short supply as reported by field offices of the Federal Housing Administration on September 1, 1947, and July 1, 1948

Materials	Number of offices reporting shortages	
	As of Sept. 1, 1947	As of July 1, 1948
Gypsum products.....	41	31
Hardwood flooring.....	21	4
Millwork.....	32	14
Iron and steel pipe.....	29	23
Plumbing fixtures and material.....	32	16
Cast-iron soil pipe.....	21	+16
Nails.....	14	+23
Electrical products.....	10	2
Sheet metal.....	14	6
Felt.....	12	2
Wood siding.....	8	5
Finish lumber.....	8	3
Plywood.....	3	0
Hardware.....	4	1
Plaster and materials.....	8	2
Heating equipment.....	4	1
Cement.....	4	+7
Steel.....	4	+9
Other.....	23	21

Source: Federal Housing Administration.

TABLE 4.—Labor causing construction delays because of short supply as reported by field offices of the Federal Housing Administration on September 1, 1947, and July 1, 1948

Type of labor	Number of offices reporting shortages	
	As of Sept. 1, 1947	As of July 1, 1948
Bricklayers.....	39	30
Plasterers.....	30	23
Carpenters.....	17	6
Plumbers.....	15	10
Electricians.....	6	2
Painters.....	4	2
Other skilled labor.....	12	9
Common labor.....	5	3

Source: Federal Housing Administration.

TABLE 5.—Changes in proportion of construction workers employed in private residential construction, by month, January through June 1948

Month (1948)	Estimated number (in thousands)	Percent privately financed new residential construction
January.....	1,870.9	45.7
February.....	1,730.7	41.9
March.....	1,804.9	37.1
April.....	1,966.4	36.8
May.....	2,049.0	36.1
June.....	1,182.0	36.9

¹ Preliminary.

Source: Bureau of Labor Statistics.

The **SPEAKER** pro tempore [Mr. **DONDERO**]. Under previous special order of the House, the gentleman from California [Mr. **PHILLIPS**] is recognized for 15 minutes.

THE PROBLEM OF RISING PRICES

Mr. **PHILLIPS** of California. Mr. Speaker, several days ago the president of the Retail Food Dealers' Association of California, who lives in Los Angeles and whose name is Mr. Fred A. Baughan, talked to me about certain aspects of the problem of rising prices. He made a trip through some 36 of the 48 States, always inquiring on the points I am about to put in the **RECORD**. He had gathered together, as a result of that trip, certain figures which I now give you in lump form. I thought they were interesting and that I should bring them to the attention of the Congress.

It is a very easy matter for us, or for our constituents, to say that prices have risen and to blame these rises upon one cause or another. It is a common trait that we should overlook one of the principal factors in the rising prices, and one that should not be overlooked. So I rise today to put into the **RECORD** these figures.

In 1942 the population of the United States was 134,664,924 people; in 1946, the last available date for which I have these figures, the population had risen to 141,228,693 people.

In the first of these 2 years which I am now comparing, the Federal Government collected in taxes \$5,948,836,402, but 4 years later the Federal Government alone collected from the taxpayers of the United States \$44,238,590,336.

We have a tendency again, in discussing taxes, to think only of the taxes imposed upon the people by the legislative body of which we are a part, the Congress of the United States. State and local taxes are paid by the same people who pay the rising costs of living.

In 1942 the actual amount of local and State taxes collected from the people was \$9,665,000,000. In 1946 they had approximately doubled, to \$17,500,000,000. This is the only figure in which any estimate has been necessary. The greater part of that figure is actual, but in order to provide it for all the States a very conservative estimate was made of a 75 percent increase, which was proven to be less than the increase in almost all the States available. For example, the increase in my own State is 400 percent. Therefore, when we take only 75 percent for the national average, that is, I think, conservative.

Thus the taxes collected per capita in 1942 were \$116 per person; the taxes collected per capita 4 years later, and less than those collected now, were \$438 per person, or four times the amount of the first figure.

I come now to consumer sales, which are the purchases by people who speak of their concern over the rising cost of living. That figure has not changed materially. The amount in 1942, exclusive of taxes, was \$75,255,163,598, and the amount in 1946 was only \$81,931,409,604. Thus, consumer purchases, exclusive of taxes, between the 4 years, increased only from \$558.60 to \$580.10 per person. I call this to your attention, Mr. Speaker,

that this is an increase in those 4 years in the actual cost of the things purchased themselves of only \$21 per person in the United States. When, however, you include the taxes in the cost of consumer goods, the per capita cost on these consumer items rose from \$674.50 to \$1,017.20. Now, putting that into the simple language with which I think we must approach all of these problems of inflation and of rising costs, we should not try to provide complicated solutions for what seems to be complicated problems, but to provide the simple solutions which will eventually solve them with courage and cooperation from the people. What this means to us is that 43 percent of the present cost of living represents taxes; State, Federal, and local. We can do something about the expenditures of government.

I desire to add to this only the comment of my friend, Mr. Baughan, who prepared these figures. Turning for the moment to poetry, he says:

The high cost of living is only a joke;
It's the high cost of government which is
keeping us broke.

Mr. Speaker, the figures, to which I referred above, are as follows:

	1942	1946
Population, Bureau of the Census.	134,664,924	141,228,693
Federal taxes collected	\$5,924,836,402.00	\$44,238,590,336.00
State and local taxes collected	9,665,000,000.00	17,500,000,000.00
Total taxes collected	15,579,836,402.00	61,738,590,336.00
Tax collected per capita	116.00	438.00
Consumer sales exclusive of tax	75,255,163,598.00	81,931,409,604.00
Consumer sales per capita	558.60	580.10
Consumer sales tax included	90,835,000,000.00	143,670,000,000.00
Per capita cost of Government and living	674.50	1,017.20

NOTE.—It is seen that consumer sales have increased only \$21.50 per capita in 1946 over 1942, and is due to higher standards and greater purchasing power. Cost of living on the same standard is actually much lower. Taxes, on the other hand, representing the cost of government, have increased \$321.40 per capita, and of course do not represent the increase in bonded debt of the many political subdivisions making up the governmental structure of these United States of America.

SPECIAL ORDER GRANTED

Mr. **MCCORMACK**. Mr. Speaker, I ask unanimous consent that today, following any special orders heretofore entered, I may be permitted to address the House for 10 minutes.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

EXTENSION OF REMARKS

Mr. **LODGE** asked and was given permission to extend his remarks in the **RECORD** and include a newspaper article.

The **SPEAKER** pro tempore (Mr. **MICHENER**). Under previous order of the House, the gentleman from Michigan [Mr. **DONDERO**] is recognized for 12 minutes.

ONE CENTRAL LOYALTY AGENCY NECESSARY

Mr. **DONDERO**. Mr. Speaker, in the light of the recent disclosures made by Congress by the admitted Communist, Mrs. Elizabeth T. Bentley, and the verification of these allegations by the former editor of the *Daily Worker*, Louis Budenz, and T. Whittaker Chambers, I feel it necessary to again call attention to one of the most shocking examples of the ineffectiveness of our Government security system.

Some time ago, I called attention to the fact that George Shaw Wheeler was employed by the War Department in the Allied military government in Berlin. It is not intended at this time to restate all of the now well-known facts regarding Mr. Wheeler's activities. However, for the benefit of those individuals who are still not entirely clear on Communist techniques and double talk, there are a few points which I should like to make for the record:

First. While George Shaw Wheeler is vigorously denying that he is disloyal, he does not state whether or not he is pro- or anti-Communist, pro- or anti-Soviet, or pro- or anti-American foreign policy with regard to the preservation of American principles in the war against communism. In fact, he does not state just what it is that he is not disloyal to.

Second. Mr. Wheeler states that the "Civil Service Commission held a full hearing on my loyalty and I was cleared." I now call upon the Civil Service Commission to furnish to Congress the complete record of the Wheeler case, showing the basis of that clearance and the names of those who used their influence to clear Mr. Wheeler, as well as the methods by which this was accomplished. As in the Remington case before the Ferguson committee, it will be interesting to determine from the record how these individuals accomplished the task of manipulating the appointments and clearances of their colleagues.

Third. In his letter printed in the *Washington Post* of July 9, 1948, Mr. Wheeler states that he got his job in Czechoslovakia from the National Socialist administration of the Ministry of Education, and not from the Communists. He states that he is lecturing in English to college students, in the field for which he is trained, "classical, liberal economics." He states, further, that "the Congressman assumes that my living in a country means that I approve of all that happens in it."

Few people doubt the impossibility of an American citizen's teaching American principles in a university which is under the domination of the Communists. Surely these lectures are sanctioned by the Communist leaders in such a country. The known techniques of the Russian police state make Mr. Wheeler's protestations that he is teaching the American viewpoint to students in a Russian-controlled state obviously false. It is apparent that Mr. Wheeler is teaching with the consent and guidance of the Soviet Government. In view of this, I am led to wonder about the nature of the "classical, liberal economics" which Mr. Wheeler disseminates in what he calls the American way.

In regard to Mr. Wheeler's statement that "the Congressman assumes that my living in a country means that I approve of all that happens in it," the best indication of his disapproval would be a condemnation of the Communist overthrow of the legally constituted government of Czechoslovakia. There is certainly no doubt in the minds of any loyal Americans regarding the conditions in Czechoslovakia, and if Mr. Wheeler cannot find strenuous criticism of the Soviet practices there, then there is little likelihood of his finding anything wrong with them anywhere.

More important than any single case of disloyalty to American principles by a Government employee, however, is the whole problem of the security clearance of Federal personnel. At the present time, there are many security and investigative offices, employing thousands of persons, at a cost of countless millions of dollars, all engaged in investigating employees and applicants for employment in the Federal service. In spite of the mountainous sum of money and load of persons engaged in the task, we have the repeated cases of the George Wheelers, the Remingtons, Silvermasters, and all the rest. This blundering overlapping and duplication of ineffectual investigative procedure must be done away with and replaced by a single, effective, speedy, and economical office which will clear all Federal personnel once, and thereafter merely bring the case up to date.

There is at present a constant reinvestigation of persons each time they move from one Government job to another.

A typical example of this "investigation by confusion" would be that of an individual whose chronological record of employment might be as follows: Having received his original appointment with the Treasury Department, his background would be investigated by that agency. Sometime later, upon transferring to the War Production Board, his background would be investigated by the Civil Service Commission. Seeking advancement, a transfer to the War Department would cause his background to be investigated by the Counterintelligence Corps. Pursuant to an Executive order, his position might be reallocated to the State Department where his background would be investigated by that agency. Upon enlistment in the Navy, his background would be investigated by the Office of Naval Intelligence. Resuming civilian employment, he is appointed to the Atomic Energy Commission and his background is investigated by the Federal Bureau of Investigation. At this point, his background has been investigated six times. At no time has the information concerning his date and place of birth, education or former employment varied. Yet, ignoring the records already compiled, or believing them to be inadequate, Federal agents repeatedly criss-cross the entire country verifying facts and interviewing witnesses, which, when once accomplished should eliminate the need of repetitious verification.

I propose that all the existing governmental investigative records be consolidated and placed under the jurisdiction

of one agency which will have the sole responsibility for clearing personnel.

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Massachusetts [Mr. McCORMACK] is recognized for 10 minutes.

PRICE CONTROL

Mr. McCORMACK. Mr. Speaker, the spirit moves me, as a result of listening to the remarks of the gentleman from California [Mr. PHILLIPS], to make a few observations, again—accent on "again"—before the end of this special session, which is very rapidly approaching in response to the wishes of the Republican leadership.

There are certain facts that the Republican Party cannot escape today and will not be able to escape during the next 3 months, and which the people should not be permitted to forget. One is that for 55 months prior to June 30, 1946, under the leadership of the late Franklin D. Roosevelt, one of the greatest men of all time, and who will always be one of the greatest men of all time as long as mankind exists, the Democratic Party held the line against inflation. For 3½ years prior to June 30, 1946, during the war period, the over-all increase in the cost of living was 6.6 percent. Today the over-all increase in the cost of living since June 30, 1946, when price controls went off, is 40 percent. In other words, the cost of living during the last 2 years has increased nearly 7 times what it increased during the preceding 3½-year period. That is fact No. 1.

The second fact is that the Democratic Party enacted legislation that held the line. During the war we were shipping abroad more food for nonmilitary purposes than we have shipped abroad during the last 2 years, and we held the line. The argument that Government purchases are the cause of the increase in the cost of living in the light of that is entirely fallacious in itself. We had the courage to pass legislation in the interest of the people, and we held the line. We had great commitments during the war. We had to purchase and send abroad food for nonmilitary purposes during the war. If we include military purchases, and they were taken out of domestic consumption, the drain was many times greater during the war than it has been during the last 2 years. This includes the export of food, meat, and the other things our Government purchased.

Of course, where there are no controls and there are shortages of essential things that the people need, prices are going to increase, but the fact is during the war that there was effective price control and prices were not increased.

We had the illustration of speculation on the grain markets, that happened only after price control was taken off. There was no speculation during the war with price control on, because we kept the prices stationary. We held the line in the interest of the people. The speculator in wheat and in other commodities came in only after price controls were taken off. There was no such speculation while price controls were on. So the indisputable fact is that for 55 months the over-all increase under the Democratic administration under the

leadership of the late Franklin D. Roosevelt was 21 percent, of which 6.6 percent during the last 3½ years of that 55 months, from the time the late Franklin D. Roosevelt issued the hold-the-line order, when the little-steel formula was put into operation in February, or about February, of 1943.

Mr. HALLECK. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. HALLECK. The gentleman has mentioned wheat and speculation in wheat. I take it that he has mentioned it with reference to the price of wheat and the effect on the price of wheat.

I have here the paper from my home town in Indiana. On the front page there is a statement from the county agricultural conservation committee pointing out the support-price program and how the farmers may avail themselves of it.

It goes on to say that the support price in my home county on wheat is \$2.14 a bushel.

Mr. McCORMACK. May I ask the gentleman whether he voted for the support-price program?

Mr. HALLECK. If the gentleman will let me conclude. On the last page of the paper is the market quotation furnished by the Farm Bureau Cooperative on wheat. It is \$2.02 a bushel. In other words, as of today, wheat in Indiana is going into the market from the farms at a price 12 cents below the support price, which as the gentleman knows, is 90 percent of parity.

I might say in respect to the support-price program that I voted for it.

Mr. McCORMACK. Well, the gentleman's last observation certainly defeats any purpose that he had in making his inquiry of me, so far as the support-price program being put through under a Democratic administration when the gentleman himself voted for it.

Mr. HALLECK. The gentleman from Massachusetts apparently completely misinterprets what I have in mind. I simply want to point out that wheat which is one of the basic crops and probably along with corn, the most important factor affecting meat prices, dairy prices, and poultry prices, as well as the cereals that we eat directly, is reaching the point where the supply is catching up with the demand so that the cash price to the farmer is 12 cents below the support price which is 90 percent of parity.

I might point also, because I think it is significant although I am not professing to see the whole high-price situation cleared up by itself overnight, because I know better than that, but I might point out that the support price on oats which is another important factor in the cost-of-living index is 72 cents per bushel, and the farmer is getting 63 cents for oats in Indiana today.

Mr. McCORMACK. The fact remains that the over-all increase in the cost of living during the last 2 years is 40 percent higher than it was on June 30, 1946.

I will yield to anyone on the floor to deny that statement.

So far as the price of meat is concerned, it is 60 percent to 80 percent higher as well as being higher with reference to other foods. But I am taking

the over-all figures, including clothing, rent, and everything else. It is 40 percent higher than it was 2 years ago, or a little over 2 years ago when price controls were on.

I yield to the gentleman from California [Mr. PHILLIPS], because I happened to refer to him.

Mr. PHILLIPS of California. I thank the gentleman. I am honored that he should have thought it necessary to say something when I simply pointed out the fact that Government spending amounted to 43 percent of the cost of living.

Mr. McCORMACK. I will come to that. The gentleman himself voted for that Government spending, did he not? You voted for the present budget appropriation?

Mr. PHILLIPS of California. The gentleman probably overlooked the fact that we are now spending less than we are taking in.

Mr. McCORMACK. Are we?

Mr. PHILLIPS of California. Yes.

Mr. McCORMACK. I mean, are we spending less than we did before?

Mr. PHILLIPS of California. We are spending less than we are taking in.

Mr. McCORMACK. That may be true, but that is no credit to the gentleman's party. That is due to the increase in income taxes and increase of revenues from all sources.

Mr. PHILLIPS of California. I do not understand what the gentleman is objecting to. Is the gentleman objecting to the money spent for national governmental expenses? However, I want to say that that is not what I wanted to talk to the gentleman about.

Mr. McCORMACK. The gentleman is talking about Government expenses.

Mr. PHILLIPS of California. You are talking about Government expenditures.

Mr. McCORMACK. No; you are. I have not come to that, yet.

Mr. PHILLIPS of California. All right.

Mr. McCORMACK. I had not come to that subject yet. You were talking about it. You voted for the appropriation?

Mr. PHILLIPS of California. Yes.

Mr. McCORMACK. And you voted for the wartime appropriations, did you not?

Mr. PHILLIPS of California. Some of them, but not all of them.

Mr. McCORMACK. The gentleman voted for all these Government appropriations which were made, and which are now claimed as one of the main contributing factors in this inflation.

Mr. PHILLIPS of California. No.

Mr. McCORMACK. Then I misunderstood the gentleman.

Mr. PHILLIPS of California. I thought you did. What I wanted to say to the gentleman seriously is that he is perpetuating, I think unintentionally, that incorrect idea that the OPA prices, that is, the prices limited arbitrarily, actually represented the prices at which people were buying the things they had to buy—consumer things; forgetting that the OPA had created the greatest black market this Nation has ever had, and that while the OPA had some very fine and beautiful ideas—

The SPEAKER pro tempore. The time of the gentleman from Massachusetts [Mr. McCORMACK] has expired.

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to proceed for 10 additional minutes.

The SPEAKER pro tempore [Mr. DONDERO]. There are other special orders, I may say to the gentleman.

Mr. PHILLIPS of California. Mr. Speaker, I ask that the gentleman be given some extra time, with the consent of the people who have special orders.

Mrs. ROGERS of Massachusetts. I will be glad to yield and take my time later.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The SPEAKER pro tempore. The gentleman from Massachusetts is recognized for 10 additional minutes.

Mr. PHILLIPS of California. The gentleman sees my point. There is no use talking about controlled prices when you cannot buy things at that price.

Mr. McCORMACK. We will agree there was a bad black market, but anybody who was caught would be punished and jailed; but what about the gray market that exists now? What about the legalized robbery that is going on? Take automobiles, for instance. Try to buy an automobile, and note the prices of second-hand automobiles.

Mr. PHILLIPS of California. I never believed that two wrongs made a right.

Mr. McCORMACK. There are people highjacking on steel with their inside connections. We know what the situation is. We have a gray market. I call it a red market, because gray is a nice looking color and we like to look at it. If you and I are gouged in buying an automobile, or we have got to pay two or three hundred dollars a ton for steel in some small business, when we should be able to buy it for \$90 or \$100, we are not seeing gray. We are seeing red. So I call it a red market.

Mr. PHILLIPS of California. I agree with the gentleman. I think that kind of gouging is just as bad as for the Government to gouge, or anybody else. But I do wish the gentleman would answer what I said about people being unable to buy for that price, because that is serious. You see, here is the Government subsidizing the people, taking the money out of the taxpayer's pockets to pay for something that other people buy, and then they had to go to the black market to get those things.

Mr. McCORMACK. Of course, I will agree that the subsidy should be included; but, including that, it would be only a minor part of the sharp increase that has taken place during the past 2 years. No one could say that the payment of subsidies which were made should not indirectly be charged up as a part of the cost. To undertake to say that is not so would, in my opinion, be a violation of intellectual honesty. But, including that, it would not be a very important factor. It certainly would not amount to the 40 percent over-all increase in the cost of living. It might amount to about 3 percent on the prices at that time, or 5 percent at the outside.

Mr. SADOWSKI. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Michigan.

Mr. SADOWSKI. Regardless of how the Republicans may try to explain this inflationary condition that has occurred, the fact remains that in my district 2 years ago factory workers had bank savings accounts; they had War Savings bonds; they had money in their pockets and money in the bank. Two years later, 2 years after the Republicans took control of Congress, my people have no money in their pockets, no money in the bank, and they have no more war bonds. They have cashed everything. It took all of their savings in addition to their salaries in order to live, since the Republicans took over the Congress.

Mr. McCORMACK. Now, let me give an illustration of some prices under OPA, lest we forget:

Porterhouse steak: In stores other than chain stores with annual gross sales under \$250,000, AA or Choice, 55 cents a pound; A or Good, 51; B grade, 44; C grade, 37 cents a pound; D grade, 33.

Chain stores and all stores with annual gross sales over \$250,000; AA or Choice porterhouse steak, 53 cents a pound; A or Good, 49; B grade, 42; C grade, 36; D grade, 32 cents a pound.

Here is a whole book of all the prices that a friend of mine very kindly sent to me, and it brings back fond memories of bygone days that would still exist if it were not for the Republican Party.

Mr. MONRONEY. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. MONRONEY. I am very much interested in the very factual recital of my distinguished friend from Massachusetts. I was also interested very much in his plea to the Republican leadership for an extra 20 minutes of the Congress' time to consider this tremendous problem of inflation, which was denied to him by the Speaker of the House himself.

Mr. McCORMACK. It was denied. Leave it that way.

Mr. MONRONEY. However, the gentleman was denied the right to put the request.

Mr. McCORMACK. Leave it that it was denied. We did not get the extra time.

Mr. MONRONEY. All right, leave it that way. But the fact is that here we are, 12 minutes after 3 p. m., with, I believe, 26 Members on the floor, listening to special orders.

Mr. McCORMACK. In justice to the Speaker, I know he wanted to give it but it was denied, so we did not get the 20 minutes. As a matter of fact we ought to have had a couple of hours.

Mr. MONRONEY. And here at 3 o'clock in the afternoon we have no legislative business before us. So we perhaps could have found some time adequately to discuss the problem of inflation.

Mr. McCORMACK. Plenty of time. And even worse than that, there was no opportunity to offer amendment, and they did not give to the minority even the customary right of offering a motion to recommit to get itself on record.

Mr. KERSTEN of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. The gentleman from Wisconsin is a pretty progressive man. I hope the gentleman will ask me no question on which I may have to take issue with him.

Mr. KERSTEN of Wisconsin. I am seeking enlightenment from the gentleman from Massachusetts. I listened with great interest to the prices of meat, particularly, and other things back in the days when they were much lower than they are today.

Mr. McCORMACK. Back in the sweet days.

Mr. KERSTEN of Wisconsin. I understand that this year we have prospects of bumper crops not only in this country but things look pretty good in Europe along that line too, comparatively.

Mr. McCORMACK. Let us all hope it is there. We know it is here.

Mr. KERSTEN of Wisconsin. We all know we certainly need everything Providence can give us there. What I understood was—

Mr. McCORMACK. I have not started my speech, you know.

Mr. KERSTEN of Wisconsin. The Department of Agriculture recommended as a target to aim at for 1949 a cutting of breeding cattle by half a million head and cutting wheat acreage by 8 percent. I am wondering if that is not a reversion to the plowing-under policy, an attempt to keep the supply down and the price up; and I am just wondering what explanation the Secretary of Agriculture may have for it.

Mr. McCORMACK. Assuming the gentleman's premises are correct, I will say frankly I am unable to answer. Certainly the gentleman would not say that this administration is trying to keep prices up. Whatever the reason is it is not that. I assume the gentleman's premises are correct. Of the facts involved in his inquiry I have no knowledge.

Mr. KERSTEN of Wisconsin. I am quoting from a release made by the office of the Secretary of Agriculture.

Mr. McCORMACK. Certainly it would not be to keep prices up.

The SPEAKER pro tempore. The time of the gentleman from Massachusetts has expired.

SPECIAL ORDER

The SPEAKER pro tempore. Under previous special order of the House, the gentlewoman from Massachusetts is recognized for 5 minutes.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent that the 5 minutes allotted me today may be used tomorrow afternoon after any previous special orders, rather than this afternoon.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

The SPEAKER pro tempore. Under previous special order of the House, the gentlewoman from California [Mrs. DOUGLAS] is recognized for 40 minutes.

Mrs. DOUGLAS. Mr. Speaker, President Truman called Congress back into session to enact a legislative program in the interests of the American people. Two of the most important pieces of

legislation the President asked for were legislation to control inflation and passage of the Taft-Ellender-Wagner long-range housing bill to provide homes for the homeless and for slum clearance.

It is now abundantly clear that this Republican Congress has no intention of taking the necessary steps to check inflation and save the consumer and business from the depression toward which we are surely headed.

It is also now abundantly clear that the Republican leadership in Congress will not permit the passage of the Taft-Ellender-Wagner housing bill in this special session of Congress—or in the next Congress if they are again in control.

They spend these precious days trying to justify their failure to act—their refusal to legislate in the interests of the people whom they are privileged to represent.

No amount of phony excuses can obscure the facts for the American people. Inflation is producing higher and higher profits for a few and a steadily lowered standard of living for the many. The high and rising prices that inflation represents has decreased the buying power of the wage earner and all those living on fixed incomes, with the result that millions of families today are not able to balance their budgets. They are using up their savings and going into debt.

People are being priced out of the consumer market.

This is the stuff out of which depressions are made. If this is allowed to continue, and it is in fact accelerating, our entire economy will come tumbling down about our ears.

It is this depression that the President has asked us to prevent. And that is the job of this Congress.

Prices, wages, and profits have gotten hopelessly out of line. We must reestablish a balance or suffer the consequences. Those consequences involve not only the immediate happiness and well-being of the American people but world-wide economic stability and peace.

The American people cannot use Republican excuses to pay their grocery bills.

If indeed the President has, as some Republican Members claim, the power to control prices without Congress having to pass any additional legislation, it is up to this Congress to protect the American people by staying in session and seeing to it that the President uses these powers to which they vaguely refer. If, in fact, he had such power and did not use it, he ought to be impeached.

But this nonsense of claiming that the President has powers to control inflation is a phony excuse for doing nothing, and they know it.

Or if the commodity-support program is the cause of high prices, as some Republican Congressmen claim, why does not the Republican leadership bring in a bill to reduce commodity price supports or to do away with the program altogether?

They do not because they know this is a phony argument—an argument which they are preparing for use in the next few months to corral a few votes in the cities,

being careful, of course, not to use it among the farmers.

If foreign aid is the basic cause of high prices as some Republicans in Congress claim, why does not the Republican leadership bring in a bill to cut off all foreign aid—stop all exports?

They don't because they know this is the phonest argument of all. They will use it all the same to avoid talking about their failure to check inflation.

But I do not today wish to discuss the high cost of living but to answer the speech made by the distinguished Republican from Illinois which was made over the radio July 29, 1948, and in the House of Representatives on July 30. His speech was a series of trumped-up excuses to dish out to the American people in the coming campaign for the Republican's failure to pass the Taft-Ellender-Wagner housing bill.

Why is this carefully prepared set of excuses being built up?

Because there are at least 3,000,000 families without homes, many of whose members will vote in November.

How are these people living? They are doubling up with friends and relatives and strangers so that more than 6,000,000 families are living in cramped and demoralizing circumstances. Every year there are at least 400,000 new families with no place to go to establish their homes. They must also double up with other families or live in trailer camps, garages or other make-shift accommodations. They, too, must be told why the Republican leadership is keeping them in these conditions. They too have votes.

The Republican leadership in this special session of Congress does not have the courage to sit down and meet the housing problem squarely, and then—they are so terribly busy working out ways and means to play politics, to flim-flam the American people, to get votes.

Mr. McCORMACK. Mr. Speaker, will the gentlewoman yield?

Mrs. DOUGLAS. I gladly yield to the gentleman from Massachusetts.

Mr. McCORMACK. We have the spectacle and the country has the spectacle of the Taft-Ellender-Wagner bill passing the Senate, which bill deals with slum clearance, public housing, low-cost housing, and rural housing. The leadership of this body says that is socialistic, and yet the Republican Party put it into their platform only a few weeks ago in Philadelphia. They come out for slum clearance and low-cost public housing in their platform.

Mrs. DOUGLAS. The gentleman from Massachusetts knows very well that when the Republicans pass legislation to help the higher-income brackets, that that is free enterprise, but when the Democrats try to help those in the low-income brackets that is socialistic.

The American people are pleading for action on housing, and they are getting speeches instead. No wonder the American people have lost confidence in the Eightieth Congress.

I take it that the speech by the distinguished gentleman from Illinois [Mr. DIRKSEN] before this body and on the radio is the last word of the Republican leadership on the T-E-W bill, not only for

this session but in any other session in which they control the majority vote. I am surprised at the stand of the gentleman from Illinois on this matter—after his championship of the people on so many scores, and after his close working relationship with those who believe in the rights of the people.

I find the gentleman's remarks on housing especially unbelievable, but then he is a good soldier and I suppose he is only coming to the rescue of his party.

The gentleman from Illinois seeks to leave the impression that if we will just leave private industry alone, there will be all the houses the American people need and anyway the need isn't very great; a need upon which no two authorities can agree.

The gentleman from Illinois implies that Government does more harm than good when it concerns itself with housing. Was not the biggest housing production in the 20's when the building industry was left alone? In the 30's the Government invested \$20,000,000,000 in housing and what did that produce? To show how ineffective the Federal Government is in this field, the gentleman from Illinois makes fun of the Wyatt program and says that it was only after we got rid of it that we got any housing. In other words, he tries to leave the impression that if we pass the T-E-W housing bill, we won't build any houses, and even if the T-E-W bill were desirable—this is not the time to pass it, for it would increase inflation. That is the climax of the argument—the grand climax—and here the gentleman from Illinois seeks to leave the impression that the administration is sadly remiss in even asking for the passage of the T-E-W bill at this time. Therefore, the gentleman from Illinois and the Republican Party are protecting the American people in preventing the passage of the T-E-W bill. And the American people ought to stand up next November and say, "Well done."

The gentleman from Illinois [Mr. DIRKSEN] is an intelligent man and a very skillful orator and he is very often right. But he is not serving the American people when he seeks to excuse the Republican Party for blocking the passage of the T-E-W housing bill and no amount of skill can cover up the facts for the American people. Six million families who find themselves living doubled up cannot be satisfied with speeches or excuses. The 5,000,000 families living in slums will not be impressed with his arguments.

IS THE TAFT-ELLENDER-WAGNER BILL INFLATIONARY?

The gentleman from Illinois claims that he is opposed to the Taft-Ellender-Wagner bill because it is inflationary. This is the latest argument in a long and devious line of arguments of those who have consistently opposed slum-clearance, low-cost housing, and low-cost public housing.

It ill becomes the party that does not believe in controls—the party that stands by while profits continue to mount and the standard of living of the vast ma-

jority of the American people steadily drops—to come up now with this inflationary argument.

Remember it is the Republican Party which has cut the taxes of the rich and the profiteers to such a degree that there now appears to be no money to pay off our World War II debt.

The Republican Party does not seem to be concerned over this inflationary pressure or they would reimpose the excess-profits tax as the President has asked them to do. No, they only wring their hands over inflation when it comes to building houses for the homeless.

Not to pass the T-E-W housing bill is the most inflationary action this Congress can take in the field of housing.

Four hundred thousand new families add to the demands for housing every year in a market where 3,000,000 families are already on the waiting list—and 5,000,000 city families are buried in the slums—not to speak of farm families.

The opponents of the T-E-W bill do not want a large production at low prices. They want a limited production at high prices.

We must fight inflation blow by blow where it counts. This aimless milling around must stop. We cannot legislate ourselves back to the good old days even if we could agree on what period we would be willing to call the good old days. We must rather seek out and cure maladjustments in our economy, in prices, in incomes and production, using a scalpel instead of a cleaver. That is the only way we can discharge our responsibility for the security and well-being of our country and the people in it.

Inflation, like its twin, depression, does not mete out even-handed justice to all alike. The burdens these twin dangers impose upon our people are felt more heavily by those who can least afford to bear them. The problem of meeting the needs of those who are suffering from the effects of inflation must be faced as squarely as we face the problems of meeting the needs of depression victims by relief where relief is needed. That means providing price relief to the consumer at the lower levels, building up production of the things needed at those levels and in every other possible way remedying the maladjustments in the price and income level that the current inflationary spiral is intensifying.

High prices alone are not the problem: If wages and income and prices mounted evenly across the board for everybody we would merely be using dollar bills for pennies. The fact is that, relatively, prices for some things, particularly foods, are rising more rapidly than the incomes of the people that need them. And the prices of certain manufactures, such as steel, are rising more rapidly than can be supported by sustained demand. In brief, the maladjustment of wages, prices, and profits, rather than their levels, are the basis of our problem, and these maladjustments are now threatening the security of the vast majority of our people.

The remedy is not to label all consumption inflationary or assume that any pro-

duction is equally effective as a cure for inflation.

We need not concern ourselves with the price of breast of guinea hen, but we must be concerned with the price of stew meat.

We must not seek to step up production of \$30,000 homes to relieve a housing shortage for people who make \$3,000 a year.

We need price control where it counts, and we need production of those things that the great majority of the people need. We must not mistake full employment for healthy prosperity if that employment is not productive of the needs of the people. Full employment in the time of the Pharaohs produced coffins for kings but not peace and security for people. And full employment here in America today if it is confined to making luxuries for the few instead of necessities for the many will prove equally meaningless for the people.

Full employment of all construction workers on houses for inflation's profiteers would aggravate, not cure our difficulties. Those workers and materials are needed to solve the housing shortage of our lower-income groups, our veterans and other younger people who have no homes and who cannot get them at present prices. The T-E-W bill, which will put people to work on the housing problem where it will do the most good, is therefore a bill for fighting inflation through production—production where production counts.

The gentleman from Illinois in opposing the Taft-Ellender-Wagner bill on the basis that it is inflationary quotes Mr. Marriner Eccles, a member of the Board of Governors of the Federal Reserve System, and the former Chairman of that Board.

It is interesting to note in passing that Mr. Marriner Eccles is a New Deal appointee, and of course we remember that the gentleman from Illinois is a Republican.

In interpreting Mr. Eccles' remarks before the Senate Banking and Currency Committee, the gentleman from Illinois is about as accurate as Republicans usually are when they try to interpret New Deal Democrats.

Mr. Eccles said:

Congress is currently considering the continuance of easy mortgage credit for housing. Easy mortgage credit is one of the most inflationary factors in the domestic credit picture. . . . The housing shortage cannot be overcome by increasing the competitive pressures on scarce supplies of materials and manpower. They are the limiting factors on the volume of construction.

I agree with Mr. Eccles 100 percent but I would point out to the gentleman from Illinois that if Congress would enact the allocations, priorities, and price-control program the President has asked for, competitive pressures on scarce supplies of materials and manpower would be regulated in the widest interests of the American people and would serve those who need to be served most.

In a letter which Mr. Eccles sent to the Banking and Currency Committee on April 5, 1948, on the subject of the

Taft-Ellender-Wagner bill, he had this to say:

The Board is particularly concerned about three proposals contained in these bills: First, creation of a Government-financed secondary market for mortgages already underwritten by the Government; second, continuation of the undesirable mortgage-insurance program under title VI of the National Housing Act; and third, addition to title II of the National Housing Act of a permanent program of excessively easy mortgage credit.

The gentleman from Illinois and the Republican majority in the House of Representatives voted for and passed in this session of Congress those very parts of the T-E-W bill to which Mr. Eccles objected. They voted for each and every one of the proposals Mr. Eccles said were inflationary.

The gentleman from Illinois voted for a secondary-market provision which was passed by the Republican House of Representatives in H. R. 6959 and S. 2790. Indeed, the secondary-market plan adopted in the latter bill contains none of the anti-inflationary limitations which were proposed in the Taft-Ellender-Wagner bill.

The gentleman from Illinois voted for the continuation of title VI of the National Housing Act, which was passed by the Republican-controlled House of Representatives as a part of H. R. 6959. Apparently he was not afraid of inflation when he voted for title VI a short few weeks ago.

Finally, the Republican House of Representatives, presumably including the gentleman from Illinois, voted for and passed a provision for 95-percent mortgages under title II of the National Housing Act, which Mr. Eccles opposed as inflationary. This was passed by the House as a part of S. 2790. Thus, it appears that each of the provisions which the gentleman from Illinois claims he opposes because they are inflationary have been voted by the gentleman from Illinois and his colleagues.

They have voted for those parts of the housing program that Mr. Eccles opposed as inflationary but are objecting to that part of the program he did not consider to be inflationary—slum clearance and low-cost public housing—as indeed they are not.

The Board of Governors of the Federal Reserve System did not oppose slum clearance, and they did not oppose low-rent public housing. Indeed, they could not raise such objections because the public-housing program provides low rents and does not involve inflationary expansion of bank credit.

The facts are that the Republican majority in the House of Representatives has bowed to every demand of the real-estate lobby and the construction industry, but it is unwilling to adopt the noninflationary public-housing program which would provide homes for the homeless and take 5,000,000 families from out of the slums.

Before leaving this subject of inflationary pressures, I would like to point out that a majority of the Senate, the Senate Banking and Currency Committee and the House Banking and Currency Committee have felt that the

Taft-Ellender-Wagner bill should be adopted.

Inflationary pressures result from an excess of demand over supply. We can never meet the demand for housing unless we increase production of houses people can afford to live in. Only by building houses, more than 1,500,000 houses a year, for a period of years, will we meet the inflationary demand for housing. The longer we defer construction, the longer we continue inflationary pressures. Those who support the Taft-Ellender-Wagner bill hold to the view that the best way to meet inflation in the housing field is to increase production and keep housing production at high levels.

Mr. CASE of South Dakota. Mr. Speaker, will the gentleman yield for a suggestion?

Mrs. DOUGLAS. I yield.

Mr. CASE of South Dakota. I would be interested in hearing the gentleman discuss the materials out of which the homes will be built. That is one of the points that has been raised about the housing problem, the lack of materials available for building houses.

Mrs. DOUGLAS. We can go into that.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield there?

Mrs. DOUGLAS. I yield.

Mr. McCORMACK. The gentleman will remember that last year the Republicans voted to lift controls off of materials on amusement places. Under the Democrats we were not letting these big firms go out and build every kind of building they wanted whether it was necessary or not. We were channeling materials into the building of homes. The Republicans lifted those controls completely and the result is that there is much more construction in dollar volume of buildings that could very well wait until the future, more dollar volume of such construction than there is in the construction of homes.

Mrs. DOUGLAS. Exactly. Amusement centers, movie houses, pool rooms, night clubs, office buildings, luxury hotels are all competing with home building for building materials.

Mr. CURTIS. Mr. Speaker, will the gentleman yield?

Mrs. DOUGLAS. Mr. Speaker, I do not yield to anyone—I am sorry, but I want to get along. I want now to take up the question of past expenditures for housing.

PAST EXPENDITURES FOR HOUSING

The gentleman from Illinois [Mr. DIRKSEN] said that since 1932 we have committed or expended or incurred liabilities in the field of housing activities of more than \$20,000,000,000. Now this is certainly an impressive figure when viewed from a distance, but like many pictures painted on a very large canvas, if we stand close to it its defects become obvious to the eye.

If you got the impression, as you probably did, that the Government has spent or contracted to spend \$20,000,000,000, you have been misinformed and misled. Let us take a look at some of the items that have been added together to produce this total:

First, money the Government has actually spent;

Second, money which the Government has loaned, which will be repaid with interest;

Third, money which the Government has loaned which has already been repaid;

Fourth, money which private individuals have borrowed from private banks on mortgages to buy or build homes, under the protection of a Government guaranty. This is the FHA—a \$9,000,000,000 program under which not 1 penny has been spent.

Fifth, money which private individuals have not yet borrowed for these purposes, but may borrow at some future time and seek to have insured under existing law; and

Sixth, as if these were not enough, a billion dollars of such insurance authorization of which not a single penny has been used or can be used at the present time.

You do not have to be a financial expert to know that a total made up by adding amounts like these is as meaningless as adding up the numbers on a page of your telephone book.

Here are the facts as published by the Special Joint Committee on Housing, in House Document 1564, part 2:

First. The total amount actually spent from money appropriated out of the Treasury for the housing programs from 1932 through June 30, 1947, was about \$2,600,000,000, \$1,800,000,000 of which was for war housing.

Second. Of all of these programs, not a single one is operating at a net loss or cost to the Government except those which were specifically intended by the Congress to operate in that way—such as the war housing program, which was as much a war expenditure as the purchase of tanks or ammunition.

Third. The various insurance programs—which account for half of this imposing \$20,000,000,000 figure—far from operating at a loss, are building up substantial reserves out of their income. For example, FHA has now written more than \$12,000,000,000 insurance, and hundreds of thousands of families have benefited from its program. Its net insurance payments have been a small fraction of 1 percent, and out of its income reserves have been built up which total more than \$175,000,000.

So much for Mr. DIRKSEN's \$20,000,000,000 bogeyman which he arrived at by adding together all of the contingent liabilities in addition to actual expenditures of the Federal Government in housing. This \$20,000,000,000 cost would only have had to have been paid by the taxpayer if the entire economy of the country had collapsed. Thanks to the Democrats it did not.

It is hardly cricket to leave the impression with the American people that housing from 1932 to 1947 has cost them \$20,000,000,000.

One of the programs in which the taxpayer invested in the thirties and which bailed out 1,000,000 distressed home owners in America was the home owners' loan program instituted by the Democratic administration in the thirties and

budgeted in Mr. DIRKSEN's \$20,000,000.-000. The liquidation of the program is being completed without loss to the taxpayer.

THE WYATT PLAN

In 1946 a Democratic Congress created the Office of the Housing Expediter. As the gentleman from Illinois [Mr. DIRKSEN] correctly states, Mr. Wilson Wyatt, the former mayor of Louisville, was called to Washington by President Truman to fill this post.

The gentleman from Illinois in his criticism of the Wyatt program, tried to imply that Mr. Wyatt stopped, rather than gave impetus to building activity.

But the record is clearly the opposite.

Mr. Wyatt breathed life into the construction industry. Because of his program we witnessed the greatest short-time expansion of home building in our Nation's history. Because of the stimulus he gave to the production of building materials we were able to build in 1947 the number of homes to which the gentleman from Illinois now points.

The end of World War II found this country facing a housing shortage of unparalleled magnitude. Careful study of the situation after VJ-day indicated that during the next few years, solely to meet the emergency needs of veterans, a minimum of some 3,000,000 homes would be needed. This did not take into account the volume of need for housing, apart from the problems of veterans.

Mr. Wyatt came to Washington early in January 1946. During his first month here he consulted with more than 30 major national groups, including home builders and real estate groups, veterans' organizations, the Chamber of Commerce, National Conference of Mayors, the A. F. of L., the CIO, the Producers Council. The emergency program he recommended early in February was based on his discussions with these groups.

The program as it finally emerged later in 1946 was basically a private enterprise program operating under various Government controls and stimuli. Except for 200,000 units of temporary housing involving reuse of surplus war structures, the program did not involve any powers to build houses as such. Its major objectives were:

First. To stimulate production of building materials.

Second. To assure that housing received a proportionate share of such increased material production.

Third. To insure that veterans got the benefits of these actions.

The accomplishment of these objectives depended on use of various controls of a wartime nature, including priority measures and price control adjustments while demand and supply were brought into balance. Reinstitution of limitations on nonhousing construction was an important part of the program to prevent the gobbling of materials by nonresidential construction. Also, emergency financing measures with liberal Government mortgage aid were included to provide ready sources of credit for the home seeking veteran as well as production credit for private builders.

Mr. Wyatt's plans were based on an awareness of the complicated nature of

the emergency problems in housing, and a realization of the fact that drastic and emergency measures would be necessary to overcome them.

The program only remained in existence for a little over 5 months, rather than the 2 years originally proposed. Yet, despite this, the actions taken under it were of major importance in the rapid postwar recovery of the home-building industry.

THE WYATT PROGRAM EXCEEDED PREDICTIONS AS TO HOME-BUILDING PRODUCTION IN THE POST-WAR PERIOD

Despite a general acceptance of the fact that between one and one and a half million new homes would be needed annually for at least 10 years, and despite the emergency needs of the 14,000,000 demobilized veterans, spokesmen for the home-building industry and construction experts were not optimistic in late 1945 regarding the number of units which might be started in the early postwar period.

In November 1945 Joseph E. Merrion, of the National Association of Home-builders, indicated that the best the industry could hope for during the coming year was to start 500,000 units.

Herbert U. Nelson, executive vice president of the National Association of Real Estate Boards was quoted in the Washington Post on November 5, 1945 to the effect that "Present prospects for production in 1946 do not exceed 400,000 units." At about the same time the F. W. Dodge Corp.'s Bulletin, Construction in 1946, contained a forecast that "total residential building in the entire United States is apt to approximate 325,000 units in 1946."

The Veterans' Emergency Housing Program refused to accept these gloomy forecasts and reflected a much greater confidence in the American productive system. It set a goal of starting 1,200,000 units in 1946, about one-fifth of them to be temporary units and trailers. The idea of establishing goals was similar to the wartime practice of using goals as production incentives. Thus the goal for 1946 was deliberately set at a far higher figure than the then existing estimates of homebuilding industry's productive capacity and the potential building materials supply. The goal for conventionally built housing was not high in comparison with peak output of the twenties. And in the 20 intervening years, the general advance of American technology, of labor productivity and of housing need would not appear to make these housing goals excessive. Actually the homebuilding industry had not made technological changes and improvements in productivity comparable with other industries such as manufacturing or mining. Moreover materials production was at a very low level in 1945. But the program placed major emphasis on measures to increase materials production and it was hoped that the establishment of a high housing goal would in itself act as a powerful stimulant to production.

Results of the Wyatt program:

A. HOUSING CONSTRUCTION

The period during which the VEHP was in existence witnessed the greatest

short-time expansion in home building in our Nation's history. The number of new privately financed permanent homes started in 1946—662,500—was the highest for any year since the record years of the 1920's. The last full year before our entry in World War II, 1941, a year of better-than-average home building saw only 619,000 such privately financed units started, as well as 96,000 publicly financed; the year during which World War II ended saw only 207,000 such started. The largest number of units ever started in 1 year was 937,000 in 1925.

In addition to the 662,500 privately financed new permanent homes started in 1946, there were approximately one-third of a million housing units of other types, including temporaries, trailers, and conversions, to bring the total number of starts during the year to about a million units of all types. It should be noted that it took 6 years after the end of World War I to achieve the 1925 record pace, and the 1946 achievement occurred in the first full year after the war ended. This compares with the first full year after World War I—1919—when a total of 405,000 units were started; the next year, 1920, the volume fell sharply to 207,000 as rising costs priced housing out of the market. That is what is going to happen again, let me say to the Republicans, unless this Congress passes legislation to control run-away prices, and passes a long-range, sensible housing program.

The SPEAKER pro tempore. The time of the gentlewoman from California has expired.

Mrs. DOUGLAS. Mr. Speaker, I ask unanimous consent to proceed for 30 additional minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from California?

There was no objection.

Mrs. DOUGLAS. Despite the low level of construction in early 1946, and the smaller number of homes started in 1945 and completed in 1946, 1946 saw the completion of 642,000 units, two-thirds of them new permanent structures.

The gentleman from Illinois [Mr. DIRKSEN] certainly left clearly with me the impression that in 1946 there were only starts in housing. He says you cannot live in starts. Everybody agrees you cannot live in starts, but we see that houses were completed in 1946 and that the record was very acceptable.

Statistics for 1946 reveal that home starts met or came close to meeting the original program goals for each segment of the program except for prefabricated housing, and the extent by which the 1946 starts fell short of the Wyatt goal is a measure of the extent to which industrialized housing did not come up to expectations.

Despite major changes in the program by the end of 1946, the beneficial results of many of the actions taken persisted and will have permanently useful effects. The measures taken to aid in rehabilitating the building materials industries through plant rehabilitation, aiding new factories to open and aiding in reopening closed factories are showing their results

even now in the continued high output of many materials.

Also the construction limitation order continued in effect from March 26, 1946, until June 30, 1947, during which period \$2,400,000,000 in commercial construction was denied approval.

Just think how few houses we would have had if the Republicans had had their way and there had been no check on commercial construction. In fact, I think one of the reasons the Republicans attacked the Wyatt program so vigorously, was just that there was a check on commercial construction. If this action had not been taken there is little doubt but that commercial construction during the postwar years would have preempted a much larger share of the available materials and left less for housing, as indeed it was already doing in the period from VJ-day until the construction limitation order was issued 8 months later.

With the aid of the recovery in homebuilding achieved during 1946, and the momentum achieved by year's end, homebuilding in 1947 proceeded at an even more rapid rate. Of vital assistance to this achievement was the continuing high level of material production, and the continuing availability of liberal Government financial assistance through the FHA title VI as well as the GI home loan program.

In 1947, 835,000 homes were completed; 370,200 of these homes were started in 1946 during the Wyatt program. There were 849,000 starts in 1947—of these only 92,000 were rentals. Anyone who knows what people are looking for realizes what this means.

If it had not been for the Wyatt program we would be building only the small number of houses today the building industry predicted we could or would build.

The gentleman from Illinois [Mr. DIRKSEN] left the impression that the money spent in the Wyatt program—\$400,000,000, was wasted. This money was used for premium payments to industry to increase the production of building materials. The gentleman from Illinois is not the only one who knows that houses have to be built out of materials.

B. MATERIALS PRODUCTION

A truly significant aspect of the short-lived Wyatt program was the remarkable accomplishment in improving materials production. The Department of Commerce Composite Index of Building Materials Production shows total 1946 production was 40 percent higher than 1945 with production rates in late 1946 at or close to all-time highs for many materials. These unprecedented production increases, achieved under extremely adverse conditions in the reconversion period are a tribute to and an example of the effective cooperation of industry, labor, and the Government in meeting a critical national problem through the leadership of Mr. Wyatt as Housing Expediter.

Most building materials industries emerged after VJ-day as casualties of a war economy. Their normal markets had been cut off many months before by necessary wartime restrictions on non-essential construction; wherever possible

their productive capacities had been diverted to war production. Where this had not happened they had lost workers to war industries as well as to the armed forces and had been shorn of raw materials and new equipment as well as their usual markets.

For example: Production of clay brick had averaged 4,200,000,000 brick from 1937 to 1940. Brick was considered of little importance in military and temporary wartime construction. Production fell steadily during the war years; output in 1945 was 2,300,000,000, and stocks had fallen to a fifth of the traditional level of a billion bricks. Many of the plants which had remained open were badly depreciated, needing new equipment; many of the closed plants were obsolete. About 350 out of 800 brick plants were closed.

The problem was chiefly one of bringing back closed plants into production and of accelerating the rehabilitation and mechanization of plants that were operating, expanding their capacity, hiring and training additional workers, and encouraging overtime work.

Aid was given the industry through priorities in obtaining new equipment, aid in recruiting and training labor, price increases under the OPA, and a premium payment plan for extra brick production.

Results were obvious by mid-1946. Some 120 closed plants were reopened in 1946 and a number of new plants brought into production. Total output for 1946 was 4,860,000,000 brick, the best year in the industry since 1930, with the exception of 1941 when production slightly exceeded that for 1946. By year's end production on an over-all basis was believed to be adequate in relation to demand.

There are other equally dramatic stories of production increases, all of them the result of an enormous amount of work and effective cooperation on the part of industry, labor, and government under the leadership provided by the veterans' housing program.

For many materials impressive records were achieved. By late 1946, monthly production rates were at an all-time high for some, such as gypsum board and lath, asphalt roofing, some plumbing fixtures, and housing-type radiation. Others, such as lumber, nails, brick, and structural clay products, were at near record monthly levels by this time.

THE OPA COOPERATED WITH WYATT ON PRICE CHANGES

Between VJ-day and the end of price control in November 1946 OPA made about 500 industry-wide or area-wide price ceiling adjustments with respect to building materials and their components as well as some thousands of individual adjustments for specific producers. In many cases OPA proceeded in accordance with its normal pricing standards, particularly in increases required to meet increased production costs. In many instances, the actions were initiated by Mr. Wyatt's recommendations. Price changes on building materials were necessary for three general purposes:

First. To lift price restrictions imposed during the war as a means of holding

production for civilian use to minimum levels—as in the case of gypsum lath and housing grades of plywood. Ceilings on these were set at low levels to prevent diversion of manufacturing facilities needed for producing wartime items.

Second. To absorb increases in production costs as with clay products and millwork.

Third. To make low end items sufficiently profitable to justify unusual increases in output as in the case of nails, builders hardware, and electrical wiring devices.

Mr. Wyatt specifically included authority to recommend such prices as part of his original program in the full knowledge that such adjustments would be necessary in the process of reconverting the building materials industry.

HOUSING DESIGN STANDARDS AND METHODS WERE LOCALLY APPROVED

From the beginning it was required that all applications for permits to build and to use priorities to obtain materials which were being specially set aside for veterans' housing, meet certain minimum standards similar to those used by the FHA. All applications were, however, locally reviewed in local FHA offices and not in Washington. The minimum standards were designed to assure that veterans would not be cheated, and they were standards presumably acceptable to the home-building industry since they were similar to those used by FHA in approving applications for mortgage insurance.

The only new designs and methods that had to be approved in Washington were those relating to industrialized housing, and then only in cases in which manufacturers had requested a guaranteed market or a Government loan. Other than such cases, the requests were handled in local FHA offices.

It is not true that detailed plans had to be submitted. Floor plans and general lay-out were required.

Also, as a result of a complaint that some builders were not following the plans they had submitted, in June 1946 provision was made for FHA inspection of construction to assure that the structure conformed with the plans submitted and upon which a price ceiling had been set at which the house could be sold or rented to a veteran.

LOW-COST HOUSES AND RENTAL HOUSING

Surveys of veterans' needs in 1946 indicated that about half of those seeking housing on the then current market wanted to rent rather than to buy. Moreover, these surveys showed that the median rental they thought they could afford was \$43 and the median sales prices of housing they could afford ranged around \$5,500.

Thus, the Wyatt program proposed channeling the largest part of materials into low and moderate cost sales and rental housing. It was proposed to do this through price controls over materials, building sites, and housing both new and existing—the Congress refused to enact legislation which would enable controls to be placed on the price of existing housing. Moreover, the program visualized the use of extensive measures to stimu-

late production of materials as well as homes in recognition of the fact that "production is the long-range solution to inflation."

It was also recognized by Mr. Wyatt from the outset, as he reported to the President, that an "inflationary spiral would be fatal to the housing program" not only with respect to achieving low-cost housing, but also in its effect on the size of the housing market. Thus, the hope of achieving volume construction of low-cost homes was necessarily related to the maintenance of a stable price structure and prevention of excessive rises in prices, not only for houses and building materials, but for the economy in general.

The institution of VHP-1 on March 26, 1946, restricted home construction during the remainder of 1946 to homes to sell for not more than \$10,000 or to rent for not more than \$80 per month. Within these limits every effort was made to obtain as much rental housing as possible and to assure that the majority of homes would be available at prices within the reach of veterans. For many reasons, including the situation in the economy in general, this well-intentioned effort to keep prices down was not overly successful. However, undoubtedly this action did keep sales and rent prices for new homes below the levels they would otherwise have reached in an uncontrolled market.

Mr. CASE of South Dakota. Mr. Speaker, will the gentlewoman yield at this point with reference to the material matter?

Mrs. DOUGLAS. I yield only for a question, because I really want to get along with this.

Mr. CASE of South Dakota. I might make the observation that the gentlewoman has asked for the unusual privilege of talking beyond 1 hour and no one on this side objected.

Mrs. DOUGLAS. I asked to speak beyond the 40 minutes.

Mr. CASE of South Dakota. In addition to the 40 minutes that the gentlewoman had, she asked for an additional half hour which would make the time much more than the customary hour allowed by the House and no one on this side objected.

Mrs. DOUGLAS. I yield to the gentleman.

Mr. CASE of South Dakota. I thank the gentlewoman.

It came to my attention the other day that the export of lumber in the last quarter amounted to 200,000,000 more feet. In other words, on that basis, for a year, we will be exporting 800,000,000 board feet.

In view of the fact that export controls are entirely within the control of the administration and the Department of Commerce, does not the gentlewoman think that the material situation might be improved if some consideration was given to limit the export of this construction lumber?

Mrs. DOUGLAS. I think that is a good question. As I remember it, we are exporting lumber, but we are also importing lumber.

The lumber which we are exporting we can afford to export in order to get the lumber which we need so desperately and which we must import. I cannot answer the gentleman right off, but I say if it is wrong, I am not defending it. If it is wrong, then we ought to exercise controls.

But I want to say to the gentleman that my remembrance from studying that particular aspect of the matter is that what we are exporting is not hurting us. In return we are importing many, many times over, lumber which is not readily available here, which we do not grow here, or which we do not have enough of here.

May I ask the gentleman from Colorado if he would prefer for me to talk about the building production record or the housing need?

Mr. CARROLL. I suggest that the gentlewoman from California talk about the need for housing.

THE RECORD ON HOUSING NEED

Mrs. DOUGLAS. Mr. Speaker, the gentleman from Illinois invites the American people to look at the record to find out how much housing we need. He says that Congress set up a joint committee of Senators and Congressmen to survey the housing problem and that this joint committee secured estimates of housing need from at least 15 different sources. The highest estimate was 2,000,000 units per year while the lowest was 300,000.

Now, it is true that the joint committee did obtain these different estimates, as the gentleman from Illinois says. What he failed to tell, however, is that the investigators whose findings he talks about were not all estimating the same thing. Some of them were studying just the urban part of the housing problem, while others were studying not only the urban housing problem but included farm housing in their considerations. Some of them were looking at the problem for a 5-year period while others were trying to determine how much housing we would need over a 10- or 15-year period.

There were bound to be differences in their conclusions as to how many houses were needed in the various periods, and these differences are clearly brought out in the complete record, which the gentleman from Illinois failed to make use of.

The gentleman from Illinois was not even fair to the National Association of Real Estate Boards. The association was responsible for the low estimate of 300,000 units which the gentleman cites but the association was not talking about housing need—they were talking about the number of houses that could be sold and they were probably being very realistic for if we continue to produce housing exclusively at high prices, we will be lucky to sell even that many. However, even Mr. Herbert Nelson, executive vice president of the National Association of Real Estate Boards, has admitted that the desired objective to fill our housing needs might equal as many as 1,500,000 new units per year, if we were trying to produce decent housing for all American families.

But the gentleman from Illinois makes his most glaring omission from the facts of the record when he fails to tell the American people what conclusion the joint congressional committee arrived at itself after surveying the findings of all these other investigators. What the joint committee decided is made completely clear in its final majority report dated March 15, 1948. Now this report consists of only 30 printed pages and is written in very simple and straightforward language which leaves no doubt as to the committee's conclusions.

What the gentleman from Illinois did not quote, I would like to quote—from page 8 of this report in which the committee is presenting its findings on our present and prospective housing needs.

They say:

Our present housing problem is of long standing. While developments attributable to World War II have contributed to the intensity of our present problem, the current shortage actually has been accumulating over a long period of years when the volume of new-housing construction was less than the net increase in new families.

In the spring of 1947 there were 2,800,000 families living doubled up with other families. The vast majority of these families have been forced to accept these unsatisfactory living arrangements because of the acute housing shortage. An additional 500,000 families are living in temporary housing, trailers, rooming houses, and other makeshift accommodations. Moreover, during the last year, even with the sharp expansion of home building, the net number of new families formed greatly exceeded the number of new homes provided. Finally, a very substantial proportion of our existing supply of housing falls far below minimum standards of decency.

Where the report refers to a substantial proportion of our existing supply of housing which falls far below minimum standards of decency, they are talking about the 5,000,000 families who are today living in slums.

The report further states:

The most recent information which has been released by the Bureau of the Census as to the status of the housing inventory leads this committee to conclude that we should have a construction program that will produce at least 15,500,000 nonfarm units between now and the end of 1960. This would call for the average annual construction of not less than 1,285,000 nonfarm units. In addition, there is a large need for better housing in farm areas. This makes it clear that for many years at least 1,500,000 houses should be built annually in the United States.

Mr. CARROLL. Mr. Speaker, will the gentlewoman yield?

Mrs. DOUGLAS. I yield.

Mr. CARROLL. I should like to commend the gentlewoman for her remarks, and to say that her whole statement before this body today is completely corroborated and substantiated by the bipartisan action of the Senate of the United States in the passage of S. 866, in which they said:

The pending bill—

Referring to S. 866—

which was reported favorably by this committee on April 24, 1947, is a bipartisan measure, resulting from several years of intensive study and exhaustive hearings by various committees of the Congress.

With reference to the shortage which you just mentioned, in this report it says:

While the volume of housing construction has increased sharply during the past 2 years, the completions of new housing, even at this expanded rate, continue to lag behind the net increase in number of families—

Of which the gentlewoman has just spoken—

and it is well known that the prices or rents of these new houses have been beyond the means of far too large a proportion of the population.

This bears out what the gentlewoman has said:

As a result, overcrowding and doubling up have continued widespread, and the country has been at a virtual stalemate on the critical problems of slum removal and basic and permanent improvement of the housing conditions of the American people.

May I say to the gentlewoman from California that on a radio debate last night over a national network as we debated this with some of the Republican Members of this body, the polls coming in from the people—and the polls will not be complete for some time yet—showed that over 74 percent of the people were in favor of the program which the gentlewoman from California is presenting here today. I desire to commend her very highly for her interest and activity in this matter.

Mrs. DOUGLAS. I thank the gentleman from Colorado.

I know that the program is bipartisan. We arrived at these findings together. This bill has passed, actually passed the Senate four times. It is blocked today in the House of Representatives by the Republican leadership.

Mr. CURTIS. Mr. Speaker, will the gentlewoman yield for one question?

Mrs. DOUGLAS. I will. I frankly do not understand the Republicans and I cannot understand why the Republican leadership in the House at this time will not pass it. I do not understand why the distinguished gentleman from Illinois places himself in a position of approving of that blockage, because I have great respect for the gentleman from Illinois; and I hope that nothing I have said today has given any contrary impression. I have respect for his intelligence and for his ability and for his oratory.

I now yield to the gentleman from Nebraska.

Mr. CURTIS. Why is it that the minority party when it controlled the Congress all those years up until January of 1947, did not enact into law the program for which the gentlewoman speaks and the program that the President recommended to the Congress be enacted at this special session?

Mrs. DOUGLAS. I do not excuse that lack of action; I do not excuse it for 1 minute. Just as I compliment the Republicans every time I think they are right I do not excuse them in this instance. I think we should have passed it. The fact is the bill is more needed now than ever. The housing situation has become more acute. Boys returned from the war for 4 years have been living

doubled up with relatives, friends or strangers unable to have their own homes. They are resentful and rightfully so. The passage of this bill will not create homes overnight but every day that it fails of passage delays for that much longer the housing that is needed, keeping families that much longer out of their own homes and living that much longer under conditions that are unhealthy.

Mr. CURTIS. I am firmly convinced that the gentlewoman believes in the argument she is making and I am delighted to hear her say that her party in all the years they have controlled Congress should have enacted the legislation that the President requests we now enact in the special session in 15 days.

Mrs. DOUGLAS. The gentleman from Nebraska is not quite fair when he draws in that 15-days stuff. This is not a new subject that is being discussed now for the first time. Never has there been a bill that has had so many hearings and about which there has been so much discussion and for which there is so much public support.

Mr. CURTIS. No; it has been here since 1930.

Mrs. DOUGLAS. It has been here since 1944. That is when we began hearings on a long-range housing program. Nineteen hundred and forty-four was the year Congress first began those hearings. I believe it was 2 years later, 1946, that the Wagner-Ellender-Taft bill was first introduced as a result of those hearings. It passed the Senate. It did not pass the House.

Mr. CURTIS. Mr. Speaker, will the gentlewoman yield?

Mrs. DOUGLAS. Just a minute.

Mr. CURTIS. It was way back in 1930 that President Roosevelt said that one-third of the people of America were ill-housed.

Mrs. DOUGLAS. That is not the point. The point I am talking about here is the long-range housing program, the permanent housing program.

Mr. McCORMACK. Mr. Speaker, will the gentlewoman yield?

Mrs. DOUGLAS. I yield.

Mr. McCORMACK. We put through low-cost public housing under President Roosevelt. We put through slum clearance, too, under President Roosevelt. We have three or four projects in my own district. One of the first ever put through was in my district, so there is no point to the argument that it has not been done, for it has been, even though the Republicans opposed us. We had to do it by legislation on appropriation bills, we had to have the Rules Committee bring in rules permitting it to be in order on appropriation bills.

Then in 1946 when the Wagner-Taft-Ellender bill passed the Senate it got stalled in hearings here in the House even though we were in control because the Republicans insisted on points of order. As soon as 12 o'clock was reached and there was not a quorum present in the committee they would raise points of order; as many as three times they raised them. Once Senator Taft appeared before the committee and could be given only 10 minutes because a Mem-

ber of his own party made a point of order against continuing. The bill was passed in the Senate but it was stalled in the House by Members of his own party.

We have this bill here this year. It has passed the Senate. It lay for months in the House committee. Finally it was passed out of the committee by a combination of Democrats and three or four Republicans. Then it got tied up in the Republican-controlled Rules Committee, and they will not let out a rule to bring it up. The only thing they did let out finally was the insignificant bill that eventually was passed in the last session. There is your legislative history.

Mrs. DOUGLAS. That is the legislative history. The gentleman from Massachusetts, as usual, is correct and he recites the legislative record in detail. I was simply trying to be very generous to the other side in not offering all of this detail. Of course, I take it for granted that the other side of the aisle will acknowledge the fact that under President Roosevelt the Democratic administration passed the first low-cost housing in the country.

I am talking about the T-E-W bill—a very important program that affects all of us. It affects the Democrats and Republicans alike. But whatever happened in the past, whoever was responsible, the fact is that today we ought to pass this bill—now—in this session of Congress.

Mr. McCORMACK. Mr. Speaker, will the gentlewoman yield?

Mrs. DOUGLAS. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. I would like to find out from the Republican leadership if they still think slum clearance, public housing, and low-cost housing as contained in the Taft-Ellender-Wagner bill is socialistic? That is their objection here, yet the Republican Party put that in its own platform only a few weeks ago. I wonder where the country is going to be if through any great misfortune the Republicans win next fall so far as housing is concerned; never mind anything else.

Mrs. DOUGLAS. Maybe one of the Republicans could answer that.

Mr. McCORMACK. I wonder if Governor Dewey and Governor Warren agree with the Republican leadership in the House that this type of legislation is socialistic and why they have not spoken out. Why have they not said something while this special session is going on about the high cost of living? They are the Republican candidates and they are both governors.

Mrs. DOUGLAS. The gentleman from Massachusetts knows that that is the old theory, the pre-McKinley theory, you get more votes if you do not take a stand on very many issues. The fewer issues you take a stand on the more votes you get. That way you can be all things to all people.

Mr. JENSEN. Mr. Speaker, will the gentlewoman yield?

Mrs. DOUGLAS. I yield to the gentleman from Iowa.

Mr. JENSEN. I think the gentlewoman would like to make a correct

statement. She said that the administration spent \$400,000,000 on the Wyatt housing program.

Mrs. DOUGLAS. I said that the gentleman from Illinois [Mr. DIRKSEN] quoted a figure of \$400,000,000.

Mr. JENSEN. The gentlewoman just said a minute ago that after spending \$400,000,000 on the Wyatt housing bill the gentleman from Illinois [Mr. DIRKSEN] said that it had fallen flat, as I remember it. The truth of the matter is that before the administration had spent even a small fraction of that \$400,000,000 the Wyatt housing program became such a mess and was producing no homes to speak of that they dropped the thing like a hot potato. In other words, it fell of its own weight because it was built on a bad foundation. Now, I want to answer my good friend the gentleman from Massachusetts [Mr. McCORMACK].

Mrs. DOUGLAS. The gentleman is arguing on my side. The gentleman is saying that Mr. Wyatt accomplished all that he did on very little money. Well, that was marvelous, that was wonderful. The record is here to show what he accomplished. You cannot dispute it.

Mr. JENSEN. It was a complete failure.

Mrs. DOUGLAS. The gentleman cannot dispute the housing figures for 1946. No amount of argument on the other side of the aisle can dispute the figures on the increased production of building materials. No amount of argument can do that. Let us not argue any more. Now did the gentleman want to ask the gentleman from Massachusetts a question?

Mr. JENSEN. The gentlewoman should ask Mr. Wyatt if it was not a complete flop.

Mrs. DOUGLAS. Does the gentleman want to ask the gentleman from Massachusetts a question?

Mr. JENSEN. Yes.

Mrs. DOUGLAS. I want to yield to the gentleman from Colorado.

Mr. JENSEN. Of course, the gentleman from Massachusetts knows that the Republicans did not pass and adopt a platform at Philadelphia for the Democrats to administer, because it has been proven that everything they attempt to administer they mess up and it gets into politics and they make a complete flop of the whole thing. When we get into power after next January, we will put in a housing program, I think, that will be administered properly.

Mrs. DOUGLAS. I do not.

Mr. JENSEN. And we will build houses.

Mr. McCORMACK. Mr. Speaker, will the gentlewoman yield?

Mrs. DOUGLAS. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. The gentleman says he thinks they will.

Mrs. DOUGLAS. Yes.

Mr. McCORMACK. I would like to ask my friend if he believes in slum clearance and if he believes in low-cost public housing.

Mr. JENSEN. As a social measure, I do.

Mrs. DOUGLAS. Does the gentleman believe in it?

Mr. McCORMACK. Will the gentleman vote for it?

Mr. JENSEN. As a social measure, a limited slum clearance, administered by honest people.

Mr. McCORMACK. Will the gentleman vote for low-cost public housing?

Mr. JENSEN. Properly administered.

Mr. McCORMACK. Properly administered.

Mr. JENSEN. Yes, but not by this gang of fumbling New Dealers that do not know how to administer anything properly. You would have a Silvermaster and a Currie and a few others administer that program.

Mr. McCORMACK. It is very easy for my friend to deal with the subject in that manner, with the real estate lobby dominating down here for the last 18 months, with the power lobby dominating, with the National Association of Manufacturers and the Meat Institute lobbies. The record is very clear as to whom the gentleman and his party respond to, and that is every nefarious lobby trying to wrest money at the expense of the people.

Mr. JENSEN. I would rather be associated with those boys than with the gang the gentleman is associated with.

Mrs. DOUGLAS. I refuse to yield further, Mr. Speaker.

Mr. CARROLL. Mr. Speaker, will the gentlewoman yield?

Mrs. DOUGLAS. I yield to the gentleman from Colorado.

Mr. CARROLL. I should like to answer the question put by the gentleman from Massachusetts when he said, "Why do not you Republican leaders tell us where you stand? He was referring to Governor Warren and to Governor Dewey. Now, I think the record ought to show where they stand and the country ought to know that the present titular leadership of the Republican Party is not in harmony with the membership of this body. I would like to read just a moment for the RECORD. This is an interview by Joseph A. Loftus, a reporter for the New York Times, on June 21, 1948. He interviewed Governor Warren when he attended the Republican National Convention in Philadelphia.

In this interview Governor Warren said that "Some of the fundamental problems of the American people were left unsolved (by the Eightieth Congress)." The Times states that Governor Warren specifically deplored the failure of the Eightieth Congress to enact housing legislation.

These statements by Governor Warren should be widely circulated in the halls of Congress, in the RECORD, and in speeches by the Members of Congress who support the President's program on housing.

In conjunction with that, last night, as I mentioned to the gentlewoman from California before, we had a radio debate, and I said to an outstanding Member of this body in the Republican party, "How do you square your philosophy with the statement of your own leadership?" What he said is typical, and this is what we ought to get to the people: "Well, after they are elected, we will change their viewpoints."

I am reminded, when the gentleman from Iowa [Mr. JENSEN], who is chair-

man of the Subcommittee on Appropriations, spoke, when we were talking about the power projects in the West, when Governor Dewey was campaigning in Oregon, we said, "How do you square your viewpoint with the Governor's declaration in Oregon?" He said, "The Governor is only a Presidential candidate."—the RECORD will bear me out in this—"and he is not controlling this body." The people have got to know that the leadership believes one way and the membership acts another within the Halls of this Congress.

Mrs. DOUGLAS. I thank the gentleman for his contribution.

And now if I may get on with the facts in reply to the speech of the gentleman from Illinois. The Special Joint Committee on Housing makes it clear that at least 1,500,000 houses should be built annually in the United States for at least the next 10 years.

The gentleman from Illinois [Mr. DIRKSEN] makes the usual Republican slur at the Federal Government. This is the usual all-inclusive indictment in which the Republicans indulge and to which we are now accustomed. The gentleman from Illinois says that the houses that are being built now are not paper houses—made from Federal red tape but they are real houses. People live in them, he says.

Now, I do not know exactly to what the gentleman from Illinois is referring. I suppose he means by "real houses" the houses that were built by private industry in 1947. I would like to remind the gentleman that houses in 1946 were also built by private industry. I would also like to remind him that the building industry was helped by the Government in 1946 and 1947 and 1948, and to inform him, if he already does not know it, that in this special session the Republicans will bring in a bill which will propose further aid to the building industry.

So I would say to the gentleman from Illinois that the building industry does need aid. The whole question is where and how the aid is given; is it given in such a way that it helps all the people or just a segment of the people?

I would also like to remind the gentleman from Illinois that people not only live in the houses to which he refers—people have to pay for them, too, and they are paying three or four times more than what they are worth; that the prices prevent the vast majority of veterans and other families who are in the greatest need from obtaining their own homes.

Furthermore, some of these "real homes to which the gentleman from Illinois refers, which have been built with Government assistance because of Federal loans to private builders, are so badly built that to all intents and purposes they are not real homes. And to prove what I say, I refer the gentleman to the number of grand-jury investigations and indictments against builders for defrauding their customers.

I would like to also remind the gentleman from Illinois that the chairman of the Committee on Banking and Currency, the gentleman from Michigan, in opposing a limited secondary market for GI loans, said that many of the houses built

under these loans without the benefit of FHA inspection were practically shacks, and I agree with the gentleman from Michigan in this statement 100 percent.

The United Industrial Associates tells us that a typical home cost \$4,599 between 1935 and 1939; cost \$9,745 in June 1947; and \$11,094 in June 1948.

I would like to ask the gentleman from Illinois how he intends to continue this totally uneconomic market.

I would also like to ask the gentleman from Illinois if he thinks the refusal of the Republican leadership to control inflation protects the taxpayers' money.

THE BUILDING-PRODUCTION RECORD

The gentleman from Illinois seeks to get over the thought to the American people that if Congress would just leave the building industry completely alone, the American people will have all the housing they need, and he implies they will have homes, of course, at a price they can afford to pay. To try to prove he is correct, the gentleman from Illinois [Mr. DIRKSEN] points to the record of the building industry during the twenties. He says that builders of the country, without any Government interference, built a lot more houses than they did in any similar period.

This is supposed to be the clinching argument as to why the Republicans should not pass the T-E-W bill. Of course, the building program in the twenties in no way touched the slums of America and in no way provided housing that the low-income groups could afford. But the gentleman from Illinois does not go into that.

I want to make it clear that I am not attacking the building industry but I think we ought to face facts. We cannot solve the housing problem or indeed any of our problems unless we do face facts. Now it is arrant nonsense to talk about Government keeping out of the housing field. The Government is in the housing field now up to its neck.

The Republican leadership in this Congress has brought in bill after bill which have provided Federal aid for the building industry. Who are they kidding when they say the Government ought to keep out of the housing business? The whole question, I repeat, is what to do in order to accomplish what goals.

But to get back to the speech of the gentleman from Illinois where he refers to the accomplishments of the private builders in the 7-year period from 1922 to 1929.

The private builders of that day did build 5,632,000 dwelling units from the end of 1922 to the end of 1929, or an average of more than 800,000 units a year.

Of course, the gentleman from Illinois fails to note that in the 7 years that immediately followed from 1930 to 1936, this same industry put up only 1,457,000 units or an average of only a little more than 200,000 units per year. It was able to produce only 93,000 units in the year 1933 or only one-tenth as much as in the peak year of the bygone period the gentleman from Illinois likes to talk about. And, in fact, the building industry did not begin to recover from this pitifully low point of production until 1936 and 1937 when the much-despised Federal

Government aid began to pull them out of their doldrums.

I have another point or two that I would like to make as long as we are talking about what the building industry has done in the past and is now doing. The first is that whenever we talk about the present rate of construction of houses in this year 1938, which will be around 900,000 units, we certainly are entitled to make the point that this record will be as good as the peak record made back in 1925. But I am not as complacent about the point as is the gentleman from Illinois. During the 23 years since 1925 most American industries have shown vast increases in productivity. Look at the record of agriculture, of automobiles, refrigerators, radios and nearly everything else you can think of. Can you imagine Detroit setting its 1925 production as its goal for the future? Why do we have to be satisfied that housing is as good as it was 23 years ago? I say it isn't good enough. The gentleman from Illinois has lost sight of the fact that our population has greatly increased since 1925, increased some 25,000,000 and today we have an average of 400,000 new families a year seeking homes.

Another point that I would like to bring out in this same connection is that the very production record of the private building industry in this country is an argument for the kind of long-range approach to the housing problem that we find in the Taft-Ellender-Wagner bill. As I have said, the building industry produced 937,000 dwelling units in 1925, whereas 8 years later in 1933, production was down to only 93,000 units. It is that boom-or-bust pattern, that cycle of violent ups and downs that characterizes the building industry and it is that behavior that needs to be studied and corrected.

When we have found out what causes these violent swings and can take remedial steps, we will be able to stabilize the building industry so that its production can be a steady stream of dwelling units designed to meet the needs and pocket-books of the American people. The T-E-W bill would set up the means for conducting research into the economic behavior of the building industry and would set into motion some of the long-range planning that is so obviously needed to correct our housing troubles.

The gentleman from Illinois says, and I quote:

We shall gradually go over the million mark each year and that is so far beyond the dreams of any Government agency that it's not even funny.

Now when he said that, the gentleman from Illinois must have been napping because just a few moments before he got through criticizing Mr. Wyatt and what the gentleman likes to call Mr. Wyatt's grandiose plan for building houses faster. The gentleman from Illinois reminds us that Mr. Wyatt's ambition was to build 2,750,000 dwelling units in 2 years. The gentleman from Illinois says we will gradually go over the million mark. Mr. Wyatt said we could get 1,500,000 in the second year.

If it had not been for the Wyatt program under this administration which

so greatly stimulated the production of building materials, the record of home construction in 1947 to which the gentleman from Illinois now points could never have been achieved.

The building industry cannot afford to build low-cost rental houses for those who are now living in the slums.

It is no economy to refuse to clean out the slums. Slums corrupt the mind and spirit, breed divorce, delinquency and disease and the taxpayer pays for these slums when he is required to pay higher taxes in support of bigger jails, increased court expenses because of the higher divorce rate, reform schools for children and bigger county hospital wards and mental institutions.

The slums will never be cleaned out if we leave it all to the building industry. The Republicans ought to know that private industry must make a profit.

The Bureau of Census shows that in 1946, two out of every three city families had total family incomes of less than \$3,500 a year, and more than two out of every five less than \$2,500 a year.

I challenge the Republicans to show us where the building industry is today constructing houses to meet the needs of those seeking homes in these income brackets.

COST OF THE TAFT-ELLENDER-WAGNER BILL

And lastly, the gentleman from Illinois [Mr. DIRKSEN] seeks to alarm us by charging that the cost of the long-range housing bill will reach the astronomical figure of \$9,000,000,000. In this case, although it seems to me too high, I will not quarrel with his figure so much as with his reasoning. What he has done is to represent the cost of the program as the sum of the maximum possible amounts that could be expended over a period of almost half a century. If this line of reasoning had been applied to other programs to which the Government is committed, which of them would ever have been adopted? In the whole host of good things that the Federal Government does and properly should do for the general welfare of its citizens and the country, there must be an eventual total cost. But we never consider that ultimate total cost as a present financial obligation of the Government. The maximum expenditure will be in the year 1953—\$265,000,000—thereafter there will be a drop of one hundred and sixty-five million a year—after another 5 years there will be another drop.

Representatives of both parties have sponsored and supported many kinds of legislation for the benefit of the veterans. Yet I have never heard it charged that since most of the 15,000,000 veterans will be with us for 40 years, and expenditures for veterans' benefits already approximate \$7,000,000,000 annually, we should reckon the cost of these benefit programs at \$280,000,000,000. No one would vote for a program of that magnitude, I am sure. Heaven knows what it may cost to maintain the Department of Agriculture for the next 40 years, but I hear no one demanding that it be abolished. To me this demonstrates the absurdity of applying such a total cost theory to the long-range housing program. That is not the way to figure Government expenses. In-

stead it is the way to conjure up hobgoblins to frighten and mislead the uninformed.

To save ourselves a lot of arithmetic—even if the gentleman from Illinois' figure of \$9,000,000,000 were correct, that would average out to \$225,000,000 a year over the 40-year period. That does not seem to me excessive. I do not think it would seem excessive to the millions of families who need housing today, or to those who will need it next year, or 10 or 20 years from now. Surely it would not seem excessive to Mr. TAFT, the chairman of the Republican policy committee, who has said in the Senate, that if we had to spend \$500,000,000 a year to solve the housing problem, the cost would not be too great in proportion to the total expenditures of the Government. Indeed, it did not appear excessive to the Senate, which has twice passed the bill with these facts in mind. I think it would not seem excessive to the House, if the Republican leadership would permit us to vote on it.

The \$9,000,000,000 figure cited by the gentleman from Illinois as the cost of the T-E-W bill cannot be proved out. It may include among other things:

First. Six billion four hundred million dollars as the maximum possible total annual contributions over a 40-year period for extension of the low-rent housing program at a maximum rate of \$160,000,000 per year.

Second. One billion six hundred million dollars additional FHA title VI insurance authorization for the insurance of home-mortgage loans made by private lending institutions to private individuals. No estimated annual cost.

Third. One billion dollar FHA insurance authorization for yield insurance of large-scale rental-housing projects. No estimated annual cost.

Fourth. One billion dollar authorization for loans to cities for slum clearance and urban redevelopment. These loans are repayable with interest.

Fifth. Five hundred million dollars for a 5-year program of non-recurring lump-sum capital grants for slum clearance. One hundred million dollars per year for 5 years.

Sixth. Five hundred million dollar authorization for purchase by National Home Mortgage Corporation or mortgage loans already insured or guaranteed by the Federal Government. No estimated cost.

Mr. Speaker, I plead again to the Members of this House to bring the Taft-Ellender-Wagner long-range housing bill to the floor for a vote, by signing the discharge petition.

The American people want the Taft-Ellender-Wagner bill. They want to clear out the slums and make it possible for every family to have a decent home.

This Congress will regain the confidence of the American people if it passes the T-E-W bill which has the official endorsement of both parties.

DEVELOPMENT OF THE WEST

Mr. CURTIS. Mr. Speaker, I ask unanimous consent to address the House for 2 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

Mr. CURTIS. Mr. Speaker, one of my reasons for asking for this time is to ask the gentleman from California [Mrs. DOUGLAS] if she informed the gentleman from Illinois [Mr. DIRKSEN] that she was going to make the speech she has just concluded.

Mrs. DOUGLAS. I did.

Mr. CURTIS. Mr. Speaker, I wish to use the balance of my time to speak about the observation made concerning the gentleman from Iowa [Mr. JENSEN], chairman of the Subcommittee on Appropriations for the Interior Department.

As a Representative from the West, may I say that the gentleman from Iowa and his committee have done more for western development than any committee in the history of the Republic. Twice as much money was appropriated for rural electrification by the Eightieth Congress than was appropriated by any other Congress in the history of REA. Forty-two percent of all the money they have ever received, and they have been in existence 14 years, has been appropriated by this Republican Congress. The farm wife who has been waiting a long time for electricity to light her home, run the washing machine and the radio, and provide her household with refrigeration is grateful for this splendid record on REA made by the Eightieth Congress.

The committee headed by the gentleman from Iowa has done more and furnished more funds for western development, both irrigation and power, than any committee in any other Congress. The appropriations made by his committee for reclamation and power development are twice as large as those made in any other Congress. I resent these insinuations made in political speeches on this floor to the effect that the gentleman from Iowa and the Republican leadership in this Congress are trying to choke off this very worth-while program.

The figures speak for themselves. The West has had a better break under this Republican Congress than under the administration-controlled Congresses.

EXTENSION OF REMARKS

Mr. KNUTSON (at the request of Mr. CURTIS) was given permission to extend his remarks in the Record and include an editorial.

SPECIAL ORDERS GRANTED

Mr. CURTIS. Mr. Speaker, I ask unanimous consent that on tomorrow, following any special orders heretofore entered the gentleman from Connecticut [Mr. LODGE] may be permitted to address the House for 30 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

Mr. CURTIS. Mr. Speaker, I ask unanimous consent that on tomorrow, following the address of the gentleman from Connecticut [Mr. LODGE], I may address the House for 10 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

FEDERAL POWER POLICY

Mr. CARROLL. Mr. Speaker, I ask unanimous consent to address the House for 2 minutes.

The SPEAKER pro tempore (Mr. DONDERO). Is there objection to the request of the gentleman from Colorado?

There was no objection.

Mr. CARROLL. Mr. Speaker, in response to the remarks of the preceding speaker, I should like to say that whatever I said with reference to the gentleman from Iowa [Mr. JENSEN] was not in the spirit of any individual criticism, because it is true that under his chairmanship of that important committee there is no question that the appropriations for the West have increased over the last fiscal year.

The point I was making is that we are now more and more getting into the question of changing the power policy of this Nation. I am sure the gentleman from Iowa would agree with me that he is not in agreement with my position nor with some of the things which Governor Dewey advocated in Oregon.

May I say to explain this point further that actually in the great power projects of the West, there has been a reduction of appropriations for power lines for the transmission of power and there is developing within the Halls of the Congress a movement in favor of the private power utilities who want to purchase power at the bus bar of the great multiple-purpose dams of the West.

I think the gentleman from Iowa would agree with me that there is contemplated a change in that program. Therefore, we ought to understand what the issue is—not that the gentleman from Iowa [Mr. JENSEN] has been cutting appropriations for the completion of these dams heretofore instituted, but a change in the power policy of this Nation which I think is of fundamental importance for this reason. The money to build these great multiple-purpose projects came from the people and the Treasury of the United States. We did not build them to create monopolies. We did not build them to turn them over to private power utilities for their private gain.

We built them for the benefit of the people; in order to provide ample electricity at low cost.

Mr. CURTIS. Mr. Speaker, will the gentleman yield?

Mr. CARROLL. I yield.

Mr. CURTIS. The gentleman referred to appropriations to complete power projects. That is not a fair inference. The Congress has provided money to start new dams and reservoirs. A great many new dams and reservoirs have been started, and they will benefit the territory that the gentleman is interested in.

Mr. CARROLL. I think if the gentleman were a little bit more familiar with the record he would know that what I had reference to and of course the gentleman from Iowa will corroborate my

statement, is, for one example, the Great Coulee Dam. I also had reference to the Central Valley Authority and the Colorado Big Thompson and other great projects either completed or now under construction.

All of those dams have had appropriations made for them in years past. There is nothing new about this. There is nothing new about the power policy at all.

Mr. CURTIS. But there have been a great many new dams started.

Mr. JENSEN. Mr. Speaker, will the gentleman yield?

Mr. CARROLL. I yield to the gentleman from Iowa.

Mr. JENSEN. If the gentleman is condemning me and any Member of the House of Representatives or anybody in America who is bound and determined to defend private enterprise, free and honest private enterprise, then I certainly am willing to accept his condemnation.

I am going to defend free enterprise from the peanut vendor on the corner to the biggest corporation in the United States against Government encroachment.

Mr. CARROLL. The gentleman has stated the case completely insofar as his viewpoint and mine differ on the sale of public power generated by the great dams of the West. That statement emphasizes our differences and I think we understand one another.

Mr. JENSEN. Yes, I will stand on that statement.

The SPEAKER pro tempore. The time of the gentleman from Colorado has expired.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. LUCAS (at the request of Mr. RAYBURN), for the week of August 2 to 7, on account of official business.

To Mr. CRAVENS (at the request of Mr. GATHINGS), for an indefinite period, on account of death in the family.

WHAT WILL YOU BUILD HOUSES WITH?

Mr. CASE of South Dakota. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

Mr. CASE of South Dakota. Mr. Speaker, with reference to the question of materials which I discussed with the gentlewoman from California, one point should be clarified. Contrary to the gentlewoman's impression, the 800,000,000 board feet of lumber which it is estimated will be exported from this country during the current year at the current rate of export, is not being exported as a barter proposition in return for other lumber we need. Most of it is being exported to the ECA countries of Europe, particularly England, and much of it is not a matter of barter but a matter of gift.

It so happens that I am one of those who believe Congress should do everything it can that will actually get sound results in the way of housing. One of

the questions which must be answered is how and where we will get the materials and labor for building the houses. You cannot build houses with words.

The SPEAKER pro tempore. The time of the gentleman from South Dakota [Mr. CASE] has expired.

DEVELOPMENT OF INDUSTRIAL POWER

Mr. BATES of Massachusetts. Mr. Speaker, I ask unanimous consent to proceed for 2 minutes and to revise and extend my remarks.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. BATES of Massachusetts. Mr. Speaker, the discussions this afternoon have been extremely interesting to every Member of this House. I want particularly to discuss the question of the steam-power plant that has been proposed for the Tennessee Valley, and the taking advantage of the natural resources of this country. However, I certainly do disagree with those who feel that this Government should build in any part of this country new generating steam plants which have nothing in common whatever with the original purpose of either flood control, irrigation, or reclamation. We know the original purpose of the Tennessee Valley Authority was flood control, yet we find, through the medium of legislation that has been filed here only in recent days, and the great effort to have it enacted into law, for an authorization for a steam-generating plant. Who for? For the great industries located somewhere down in the Tennessee Valley.

Those of us who come from the New England area are somewhat familiar with the history of the past, and the migration of industry from our part of the country to other parts of the country because we could not compete with them in the production of goods or the employment of labor at their low wages and other conditions that were favorable to them. As far as I am concerned, I shall oppose to the utmost the appropriation of any public money that will be for the benefit of great industrial plants in this country at the expense of the rest of the public. This is an attempt to spend public money to build a steam generating plant at a total estimated cost of over \$30,000,000. Such a plant will come in direct competition with the industries in my part of the country who not only have to pay the costs of building their own generating plants themselves and maintaining them, but also their share of the cost in taxes of these publicly built plants with the taxpayers' money.

The SPEAKER pro tempore. The time of the gentleman from Massachusetts has expired.

EXTENSION OF REMARKS

Mr. BYRNE of New York. Mr. Speaker, I ask unanimous consent that the gentleman from Indiana [Mr. MADSEN] may extend his remarks in the RECORD and include an address by Mr. Peter Campbell Brown, executive assistant to the Attorney General of the

United States, delivered before the New York Bar Association at Lake Placid on July 1. The extra cost of this matter will be \$159.75. Notwithstanding that, I ask unanimous consent that the extension may be made.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BOYKIN asked and was granted permission to extend his remarks in the RECORD and include a letter from Mr. Garet Van Antwerp III.

ADJOURNMENT

Mr. CURTIS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 39 minutes p. m.) the House adjourned until tomorrow, Friday, August 6, 1948, at 12 o'clock noon.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ALLEN of Louisiana:

H. R. 7119. A bill to grant increased retired pay to certain disabled enlisted men of the Regular Navy; to the Committee on Armed Services.

By Mr. BROWN of Georgia:

H. R. 7120. A bill to amend the National Housing Act, as amended, and for other purposes; to the Committee on Banking and Currency.

By Mr. KEATING:

H. R. 7121. A bill to provide nonquota immigration status for the alien parents of American citizens and to expedite admission of certain adopted children of American citizens; to the Committee on the Judiciary.

By Mr. FARRINGTON:

H. R. 7122. A bill to amend the Hawaiian organic act to prevent the loss of nationality, by reason of continuous residence for 5 years in a foreign state, of certain persons declared to be citizens of the United States under such act; to the Committee on Public Lands.

By Mr. GEARHART:

H. R. 7123. A bill to amend paragraph 1799 of the Tariff Act of 1930; to the Committee on Ways and Means.

By Mr. WELCH:

H. R. 7124. A bill to authorize the American River Basin development, California, for irrigation and reclamation, and for other purposes; to the Committee on Public Lands.

By Mr. PLUMLEY:

H. R. 7125. A bill appropriating funds to initiate construction of flood-protection works at Rutland, Vt.; to the Committee on Appropriations.

By Mr. BUFFETT:

H. R. 7126. A bill for the establishment of the National Monetary Commission; to the Committee on Banking and Currency.

By Mr. GRANT of Indiana (by request):

H. R. 7127. A bill to amend certain provisions of the Internal Revenue Code to permit the use of additional means, including stamp machines, for payment of tax on distilled spirits, modify loss allowances for distilled spirits, and for other purposes; to the Committee on Ways and Means.

By Mr. BARTLETT:

H. J. Res. 443. Joint resolution authorizing the Bureau of Labor Statistics of the United States Department of Labor to report periodically on labor conditions in the Territory of Alaska; to the Committee on Education and Labor.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. COUDERT:

H. R. 7128. A bill for the relief of the alien Gheorge Ion Dimian; to the Committee on the Judiciary.

By Mr. ROONEY:

H. R. 7129. A bill for the relief of Gaspare Vallone; to the Committee on the Judiciary.

By Mr. HARDIE SCOTT:

H. R. 7130. A bill for the relief of Antonio Cardella; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII,

2141. Mr. HART presented a memorial of the Legislature of the State of New Jersey, requesting the Congress of the United States to adopt necessary legislation to encourage and make adequately effectual a comprehensive program of merchant shipbuilding in the shipyards of this country and of expanding our merchant marine, which was referred to the Committee on Merchant Marine and Fisheries.

SENATE

FRIDAY, AUGUST 6, 1948

(Legislative day of Thursday, August 5, 1948)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

Rev. Bernard Braskamp, D. D., pastor of the Gunton-Temple Memorial Presbyterian Church, Washington, D. C., offered the following prayer:

O Thou who wert the God of our fathers, we rejoice that Thou art also the God of their succeeding generations. When we go up and down the courts of memory, there comes to us the glorious testimony that Thou hast placed at our disposal the inexhaustible resources of Thy grace.

We humbly confess that again and again we put all of our trust and reliance in human ingenuity, only to find that our efforts are futile and fruitless. Grant that we may yield ourselves unreservedly to Thy spirit in order that our lives may be transformed and touched to finer issues.

May that day speedily dawn when truth and righteousness shall be triumphant and men and nations everywhere shall give themselves in a glad and willing obedience to the King of Kings and the Lord of Lords in whose name we pray. Amen.

THE JOURNAL

On request of Mr. WHERRY, and by unanimous consent, the reading of the Journal of the proceedings of Thursday, August 5, 1948, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Nash, one of his secretaries.

AMENDMENT TO THE NATIONAL HOUSING ACT

The Senate resumed the consideration of the bill (H. R. 6959) to amend the Na-

tional Housing Act, as amended, and for other purposes.

Mr. WHERRY. Mr. President, will the Chair state the parliamentary situation?

The PRESIDENT pro tempore. The Senate is operating this morning under a unanimous-consent agreement which the Chair will read:

Ordered, by unanimous consent, That on the calendar day of Friday, August 6, 1948, at the hour of 1 o'clock p. m., the Senate proceed to vote, without further debate, upon any amendment that may be pending and upon any amendment that may be proposed to the bill (H. R. 6959) to amend the National Housing Act, as amended, and for other purposes, and upon the final passage of the said bill: Provided, That no amendment that is not germane to the subject matter of the said bill shall be received.

Ordered further, That on said calendar day of August 6, the time between the meeting of the Senate and the said hour of 1 o'clock shall be equally divided between the proponents of the committee amendment and the opponents thereof, and controlled, respectively, by the Senator from New Hampshire [Mr. TOBEY] and the Senator from Wisconsin [Mr. MCCARTHY].

The immediately pending amendment is that offered by the Senator from Nevada [Mr. MALONE] to the so-called McCarthy substitute for the committee substitute.

Mr. WHERRY. Mr. President, may I inquire of the distinguished Senator from New Hampshire, who is in charge of the time of the proponents of the measure, and also of the distinguished Senator from Wisconsin, who is in charge of the time for the opponents of the measure, if it will meet with their approval for me to suggest the absence of a quorum, the time to be charged equally to each side. I think it will not take more than about 5 minutes.

Mr. MCCARTHY. I am very reluctant to assent. We are short of time anyway.

Mr. WHERRY. It is immaterial to me, but I thought that, in the interest of saving time, it would be well to have as many Senators as possible present so as to avoid the duplication of questions later.

Mr. MCCARTHY. Very well.

The PRESIDENT pro tempore. Does the Senator from New Hampshire agree?

Mr. TOBEY. I agree.

Mr. WHERRY. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Feazel	Lucas
Baldwin	Ferguson	McCarthy
Ball	Flanders	McClellan
Barkley	Fulbright	McFarland
Brewster	Green	McGrath
Bricker	Gurney	McKellar
Bridges	Hatch	McMahon
Brooks	Hawkes	Magnuson
Buck	Hayden	Malone
Butler	Hickenlooper	Martin
Byrd	Hill	Millikin
Cain	Hoey	Moore
Capehart	Holland	Morse
Capper	Ives	Murray
Connally	Jenner	Myers
Cooper	Johnson, Colo.	O'Connor
Cordon	Johnson, S. C.	O'Mahoney
Donnell	Kem	Pepper
Dworschak	Kilgore	Reed
Eastland	Knowland	Revercomb
Ecton	Langer	Robertson, Va.
Ellender	Lodge	Robertson, Wyo.

Russell	Thomas, Okla.	Watkins
Saltonstall	Thomas, Utah	Wherry
Smith	Thye	Wiley
Sparkman	Tobey	Williams
Stennis	Tydings	Wilson
Taft	Umstead	Young
Taylor	Vandenberg	

Mr. WHERRY. I announce that the Senator from South Dakota [Mr. BUSHFIELD] is necessarily absent.

Mr. LUCAS. I announce that the Senator from New Mexico [Mr. CHAVEZ] and the Senator from Georgia [Mr. GEORGE] are unavoidably detained.

The Senator from California [Mr. DOWNNEY], the Senator from Nevada [Mr. MCCARRAN], the Senator from Texas [Mr. O'DANIEL], and the Senator from New York [Mr. WAGNER] are necessarily absent.

The Senator from South Carolina [Mr. MAYBANK] is absent by leave of the Senate.

The Senator from Tennessee [Mr. STEWART] is absent on important public business in the State of Tennessee.

The PRESIDENT pro tempore. Eighty-six Senators having answered to their names, a quorum is present.

To whom does the Senator from New Hampshire or the Senator from Wisconsin yield?

Mr. TOBEY. Mr. President, the Senator from Wisconsin and I have conferred, and I yield to him.

The PRESIDENT pro tempore. Does the Senator from Wisconsin yield; and if so, to whom?

Mr. MCCARTHY. I yield to the Senator from Virginia [Mr. ROBERTSON].

The PRESIDENT pro tempore. How much time?

Mr. MCCARTHY. Five minutes.

Mr. ROBERTSON of Virginia. Mr. President, at the outset, I desire to clear up two misapprehensions which were developed in the debate of yesterday. The first grew out of the impression of the distinguished Chairman of the Banking and Currency Committee, the Senator from New Hampshire [Mr. TOBEY] that I planned to object to the consideration of the bill. What I said, or intended to say, in the committee, had to do with the proposal that we would try to agree to a bill that might be passed by unanimous consent, and I said that if the bill carried the public-housing feature I would have to object; that I could not see that bill adopted by unanimous consent without voicing my objection to it.

The other had to do with the statement I made when the Senator from Wisconsin yielded to me, about what the distinguished senior Senator from Ohio [Mr. TAFT] had told our committee. The words I used created the impression that the distinguished Senator from Ohio had told us that a bill without public housing and without slum clearance was better than a bill with it. That was not what I meant. What I meant to say, and all I meant to say was that with respect to comparable features of the bill which is now the McCarthy amendment, and similar features of the Taft-Ellender-Wagner bill, which is the committee amendment, I understood the Senator from Ohio to say that, in his opinion, the revision of the language in the McCarthy substitute improved the same and similar provisions of his original bill.